

Strategic and Critical Materials Operations Report To Congress

Operations under the Strategic and Critical Materials Stock Piling Act during Fiscal Year 2016



Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics

January 2017

The estimated cost of this report or study for the Department of Defense is approximately \$1,770 in Fiscal Years 2016 - 2017. This includes \$0 in expenses and \$1,770 in DoD labor.
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FROM THE

Administrator:

Mr. Ronnie Favors
Administrator, DLA Strategic Materials

The original plan to reconfigure the National Defense Stockpile (NDS) program was submitted to Congress in 2009. Since that time, Strategic Materials leadership has moved steadily toward positive changes in program structure and the addition of quality personnel to build the foundational framework required for program success.

As we close out fiscal year (FY) 2016 and in my capacity as Administrator, I am deeply appreciative of the progress and contributions made by our managers and staff toward program modernization. Despite the challenging commodity markets and unsteady economic conditions, our Strategic Planning and Market Research Directorate has been able to reach revenue goals in support of program operations and congressional actions. The Material Management Directorate continues to provide logistical excellence in day to day operations, and in the area of facility management, has been able to achieve significant cost savings while simultaneously improving workforce quality of life conditions and security. Based upon the authority granted in the FY 2014 National Defense Authorization Act (Public Law 114-66), the Acquisition Directorate has successfully executed all planned actions for FY 2016 of strategic and critical materials in support of the NDS mission leading to the reduction of risk for selected material supply chains.

Going forward, Defense Logistics Agency Strategic Materials remains committed to providing cost effective solutions to issues affecting materials at-risk. Providing policy makers with the best available information on markets and trends of this segment of the defense industrial base and execution of all operations in an environmentally responsible manner. The outlook for 2017 remains positive as the program continues aggressive outreach efforts to reach new customers, engages with suppliers to increase competition and promote the passage of our FY 2018 legislative proposal.

A handwritten signature in black ink, appearing to read "Ronnie Favors", written in a cursive style.

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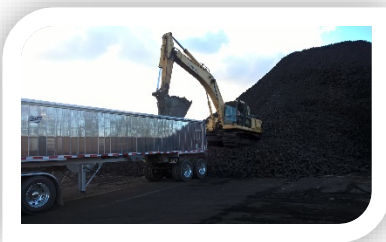
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I. THE STRATEGIC AND CRITICAL MATERIALS STOCKPILING PROGRAM

OVERVIEW

The Strategic and Critical Materials Stock Piling Act (50 U.S.C. § 98 *et seq.*) provides for the acquisition and retention of stocks of certain strategic and critical materials and encourages the conservation and development of sources of such materials within the United States. The acquisition and retention of stocks will decrease and preclude, when possible, a dangerous and costly dependence upon foreign sources, or a single point of failure of such materials during and immediately following a national emergency. Such materials when acquired and stored constitute and are collectively known as the National Defense Stockpile (NDS or the “stockpile”).

By Executive Order, the Secretary of Defense is designated as the NDS Manager, with management responsibilities delegated to the Under Secretary of Defense for Acquisition, Technology and Logistics. The operational activities of the NDS are delegated to the Director of the Defense Logistics Agency (DLA). DLA Strategic Materials was established as a field activity to manage the operations of the NDS program, including the acquisition, storage, management, and disposal of materials.

Not later than January 15 of each year, the Stockpile Manager is required to submit to Congress a written report detailing operations of the stockpile. This report has been prepared to satisfy this requirement. Per the section 11(a) of Stock Piling Act (50 U.S.C. 98h-2(a)), the report is to include:

- (1) Information with respect to foreign and domestic purchases of materials during the preceding fiscal year;
- (2) Information with respect to the acquisition and disposal of materials under this subchapter by barter, as provided for in section 6(c) of this Act, during such fiscal year;
- (3) Information with respect to the activities by the Stockpile Manager to encourage the conservation, substitution, and development of strategic and critical materials within the United States;
- (4) Information with respect to the research and development activities conducted under sections 2 and 8 of this Act;
- (5) A statement and explanation of the financial status of the National Defense Stockpile Transaction Fund and the anticipated appropriations to be made to the fund, and obligations to be made from the fund, during the current fiscal year; and
- (6) Such other pertinent information on the administration of this subchapter as will enable Congress to evaluate the effectiveness of the program provided for under this subchapter and to determine the need for additional legislation.

In fiscal year (FY) 2016, DLA Strategic Materials continued to make progress on acquiring the materials authorized for stockpiling in the National Defense Authorization Act for Fiscal Year 2014 (Public Law 113–66). New contracts were awarded for high purity yttrium oxide and dysprosium metal. Two Economy Act orders were placed for critical energetic materials. Another Economy Act order was placed for Cadmium Zinc Telluride Substrates (CZT). Option years were awarded for mid-grade yttrium oxide, lithium ion battery precursor materials, and ferro-niobium.

In FY15, DLA Strategic Materials entered into a collaborative program with Army Contracting Command-Warren (ACC) and Anniston Army Depot (ANAD) to reclaim germanium from excess Army components. The program results in clean germanium scrap being shipped to the National Defense Stockpile (NDS). Under an ACC-Warren contract, germanium containing end-of-life components have started to be shipped from ANAD to a contractor. The contractor is demilitarizing the components and removing any radioactive coatings from the germanium lenses and windows. The program shipped over 700 kg of clean germanium scrap to the NDS during FY16.



Figure 1: Germanium wafers manufactured from NDS germanium metal.

In FY16, DLA Strategic Materials and DLA Research and Development (J34) began two strategic and critical material substitution efforts. The first effort is to begin the process of qualifying a domestic source of ultra-high modulus carbon fiber for a satellite application. This effort is related to development of a substitute for an identified shortfall material in the 2013 and 2015 Strategic and Critical Reports on Stockpile Requirements that the Department of Defense (DoD) sent Congress in 2013 and 2015, respectively. This program is being conducted through a DLA contract with industry. The program is ongoing and should come to completion in FY17.

The second effort involved ballistic testing of armor material on a firing range at the Aberdeen Proving Grounds in Maryland. The project culminated with completion of a military specification (MIL-DTL-32549) for a new vehicle armor material. Developing this specification provides payoffs in three specific areas: 1) Time to manufacture: Having material

characterization data and quality assurance tests allows an armor system manufacturer to quickly conduct product acceptance testing for each material lot, and integrate the material into an established system design. 2) Quality Assurance: The tests laid out in the specification allows a consumer to validate authenticity of a material, as it relates to how that material will perform in an armor system, thus ensuring warfighters receive the appropriate level of protection. 3) DoD Industrial Base Robustness: Characterization and standardization of the armor system creates an additional material solution and a stable armor material supplier to the armor industrial base; thus allowing for more armor solution options, stronger competition for DoD, and DoD supplier redundancy. The engineering oversight of the program was performed by the Army Research Laboratory (ARL) in conjunction with industry.

In FY16, DLA Strategic Materials and DLA Research and Development (J34) initiated a Small Business Innovative Research (SBIR) program focused on developing economical methods for recycling of rare earth elements (REE) from scrap and waste streams. Six companies were awarded Phase I's under this effort. It is well known that traditional mining and processing of REE's can be a costly, technically difficult, and environmentally unfriendly endeavor. These obstacles have led to the United States being reliant on importation for most REE's. DLA's goal with the SBIR program is to identify whether technologies exist that would allow recycling of REE to occur domestically. Phase I projects should end in FY16.

DLA Strategic Materials continues to monitor the balance in the Stockpile Transaction Fund. As envisioned - by section 9 of the Stock Piling Act, moneys received from the sales of excess NDS inventory authorized for disposal are deposited into the Transaction Fund to pay for acquisitions and NDS operations. DLA Strategic Materials, in coordination with DLA's Audit Readiness Program, continued to update and test financial processes relating to the Stockpile Transaction Fund and inventory management systems in order to prepare the agency for a financial audits beginning in FY17.

During FY16, DLA Strategic Materials staff drafted the majority of the Strategic and Critical Materials 2017 Report on Stockpile Requirements to Congress, required by section 14 of the Stock Piling Act. This report will be delivered to Congress by the Department of Defense (DoD) in FY17. The report will include analysis of over 88 materials. As per section 11 of the Stock Piling Act, the 2017 Annual Materials Plan was delivered to congress and work began on the 2018 Annual Materials Plan.

STATUS OF THE STOCKPILE INVENTORY

The total inventory of the NDS represented a market value of \$1.15 billion on September 30, 2016.

Table 1 shows year-end inventory and recent market values. The market values are based on an average of applicable published benchmarks for comparable materials for the three years prior to August 31, 2016. In the absence of current trading data, market values are estimated. The market values are not necessarily the amount that would be realized if the materials were sold. The NDS has no materials on consignment or loan.

TABLE 1: STOCKPILE INVENTORY AND FY16 MATERIALS AVAILABLE FOR SALE
Inventory Quantities and Market Value as of September 30, 2016 (Millions of Dollars)

Material	Unit	Total Inventory	Avail For Sale	Market Value
Beryl	ST	1		\$0.00
Beryllium Metal Vac Cast	ST	7	15^	\$2.64
Beryllium Metal HPP	ST	72	15^	\$26.05
Beryllium Rods	LB	13		\$0.01
Beryllium Structerd Powder	LB	8,927		\$3.58
Chromium - Ferro High Carbon	ST	63,231	23,500*	\$68.98
Chromium - Ferro Low Carbon	ST	33,884	23,500*	\$76.76
Chromium Metal-combo electro & alumin	ST	4,304	200	\$33.93
Cobalt	LB Co	663,709		\$8.43
Columbium Metal Ingots	LB Cb	22,156		\$0.97
Ferroniobium	LB	129,961		\$1.65
Germanium Metal	kg	13,364		\$22.70
Germanium Scrap	kg	834		\$1.13
Germanium Wafers	EA	101,899		\$7.65
Inconel 718	LB	535		\$0.00
Lithium Ion - LCO	kg	241		\$0.36
Lithium Ion - LNCA	kg	990		\$1.31
Lithium Ion - MCMB	kg	1,266		\$1.35
Manganese - Ferro High Carbon	ST	263,056	50,000	\$185.94
Manganese - Metallurgical Grade Ore	SDT	322,025		\$0.63
Mercury	LB	9,781,604		\$307.24
Plastic Bonded Explosive (TATB)	LB	2,400		\$0.31
Platinum	Tr Oz	8,380		\$9.98
Platinum - Iridium	Tr Oz	489		\$0.27
Platinum - Palladium	Tr Oz	0		\$0.00
Palladium Group Alloys - PD-CO Wire	Tr Oz	4		\$0.00
Platinum Group Compounds - Iridium Allo	LB	46		\$0.08
Quartz Crystals	LB	15,759		\$0.00
Tantalum Carbide Powder	LB Ta	3,777		\$0.35
Tantalum Metal Scrap	LB	186		\$0.02
Tantalum Metal Scrap - Drum Alloy	LB	3		\$0.00
Tin	MT	4,041		\$76.39
Titanium Alloy Scrap	LB	155		\$0.00
Tungsten Metal Powder	LB W	275,738		\$4.20
Tungsten Ores & Concentrates	LB W	25,656,528		\$295.31
Yttrium Oxide	kg	8,800		\$0.13
Zinc	ST	7,993		\$14.49
Total Inventory Market Value:				\$1,152.83

*Chromium – Ferro High and Low Carbon listed as one material in Annual Materials Plan (AMP)

^Beryllium Metal Vac Cast and HPP listed as one material in Annual Materials Plan (AMP)

II. STOCKPILE ACQUISITION, UPGRADING, AND DISPOSAL PROGRAMS

ANNUAL MATERIALS PLAN (AMP)

The AMP sets the maximum quantity of each material for which an action can be taken (disposal, conversion, rotation, upgrade, sell, or procurement) by the Department of Defense in a given fiscal year. Before any materials may be bought or sold, Congress must enact specific enabling legislation. In accordance with section 11(b) of the Stock Piling Act, the Department of Defense develops and submits the AMP for the following fiscal year to Congress by February 15th of each year. This submission also includes plans for the four succeeding fiscal years. Prior to submission, the AMP is coordinated with the Market Impact Committee (MIC), an interagency committee that advises the Department of Defense on the projected domestic and foreign economic effects of the proposed NDS transactions. The FY16 AMP is shown in Table 2.

ACQUISITIONS AND UPGRADES

In FY16, DLA Strategic Materials continued to make progress on acquiring the materials authorized for stockpiling in the National Defense Authorization Act (NDAA) for Fiscal Year 2014 (Public Law 113–66). The six authorized materials from the FY14 NDAA:

- (1) Ferro-niobium
- (2) Dysprosium Metal
- (3) Yttrium Oxide
- (4) Cadmium Zinc Telluride Substrate Materials
- (5) Lithium Ion Precursors
- (6) Triamino-Trinitrobenzene and Insensitive High Explosive Molding Powders

The acquisition authority is from FY14 through FY19. Up to \$41,000,000 from the NDS Transaction Fund is authorized for the acquisitions.

In FY16, an option was exercised pursuant to FY15 contract to a foreign producer for ferro-niobium. This is the first option on a base plus a three option year contract. The material grades being stockpiled meet steel, stainless steel and vacuum melt steel production requirements. The material will be stored at DLA Strategic Materials' Hammond, Indiana depot.

In FY16, an option year was exercised pursuant to a US-based company for a mid-grade yttrium oxide. This is for the first option year of a base plus a two option year contract. The material grade being acquired through this contract can be used for numerous applications including refractories, thermal barrier coatings, and catalysts. The material will be stored at DLA Strategic Materials' Hammond, Indiana depot.

In FY16, a contract was awarded to a US-based small business for providing ultra-high purity yttrium oxide to the National Defense Stockpile. This material is suitable for production

of laser crystal rods. The material will be delivered to DLA Strategic Materials' Hammond, Indiana depot in FY17.

In FY16, two contracts were awarded for dysprosium metal production for the NDS. Dysprosium metal is used primarily in the production of Neodymium Iron Boron (NdFeB) permanent magnets. DLA Strategic Materials purchased both ferro-dysprosium and dysprosium metal. The material will be stored at DLA Strategic Materials' Scotia, NY depot.

DLA Strategic Materials placed an FY15 Economy Act acquisition order for Triamino-Trinitrobenzene (TATB) and TATB-based molding powders such as PBXN-7 and PBXW-14 through Army Contracting Command-Rock Island. Engineering and acquisition support was provided by U.S. Army Armament Research, Development and Engineering Center (ARDEC) and Project Director Joint Products. Material will be produced by BAE Systems' Ordnance Systems Division at the Government-Owned Contractor Operated (GOCO) Holston Army Ammunition Plant in Tennessee.

The new quantities of energetic materials will be stored along with the previous orders for PBXW-14 under an agreement with the Army's Joint Munitions Command at the Hawthorne Army Depot (HWAD). DLA Strategic Materials has a presence at HWAD for the ongoing mercury repackaging and storage program. The FY15 NDS order for PBXW-14 arrived at HWAD in June 2016.

In FY16, DLA Strategic Materials awarded the second option year to the FY14 base plus four option year contract for the lithium ion battery precursors. This acquisition consists of three separate satellite related battery materials: Mesocarbon Microbeads (MCMB); Lithium Cobalt Oxide (LCO); and Lithium Nickel Cobalt Aluminum Oxide (LNCAO). A contract was awarded to a domestic producer for supplying up to 3,240 kg of MCMB, 750 kg of LCO, and 2,700 kg of LNCAO. Delivery of the option year materials should occur throughout FY17.

DLA Strategic Materials awarded the first option year, from a base plus a two option year contract to a domestic company to upgrade obsolete hot pressed beryllium billets. This program is a continuation of an effort started in fiscal years 2012 and 2013. The billets will be converted into powder for S200F and S-65 grade applications.

DLA Strategic Materials, in conjunction with the other agencies within the Department of Defense (DOD), made significant progress in reducing supply chains vulnerabilities relating to a specific category of carbon fibers. Carbon fibers are high strength, high stiffness (elastic modulus) materials that are combined with a matrix material, most commonly an epoxy plastic, to form an advanced composite material. Because of their desirable engineering properties, such as high strength, high stiffness, low density, high thermal conductivity, and high-temperature performance, carbon fiber composites are widely used in defense aerospace applications. DLA Strategic Materials reported the criticality of having a viable domestic option for high performance carbon fibers in the 2015 Requirements Report and has requested legislative authority to acquire five types of carbon fibers in the FY 17 NDAA. The approval to stockpile these high performance carbon fibers will allow the United States to have the ability to produce missiles, aircraft, and satellites critical to the sustainment of national defense objectives during a national emergency. Additionally, DLA Strategic Materials has worked with the Space Industrial Base Working Group (SIBWG) to identify National Security Space (NSS) applications that could substitute the foreign produced fibers with domestic alternatives. DLA Research and

Development (J34), with DLA Strategic Materials serving as the project sponsor, funded the qualification of a domestic fiber on one of these identified applications. This qualification effort will help establish the domestic industrial capability of aerospace-grade, high performance carbon fibers, which are critical to ensuring that national defense and space program requirements are fulfilled in the future. Figure 2 shows the carbon fiber manufacturing process.

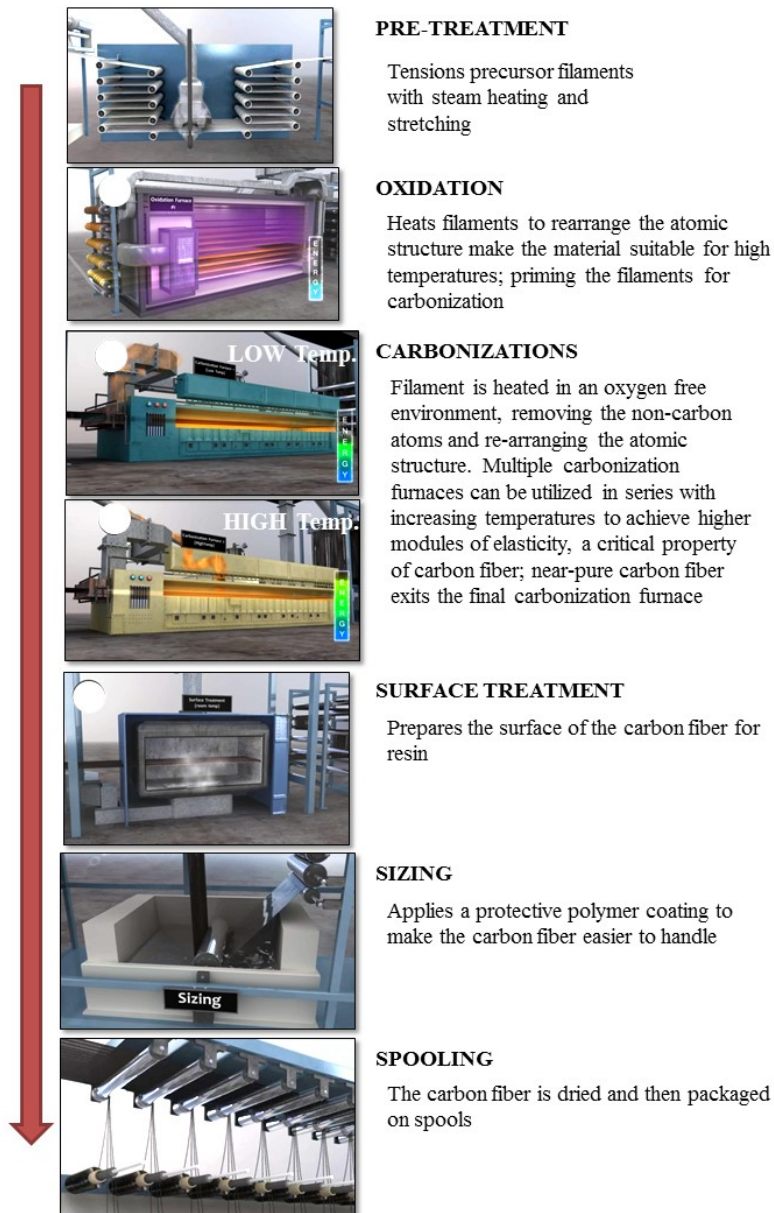


Figure 2: Carbon Fiber production process
Source: Oak Ridge National Laboratory, Carbon Fiber Technology Facility

TABLE 2: FISCAL YEAR 2016 ANNUAL MATERIALS PLAN (AMP)

Potential Disposals/Sales/Upgrades			
<u>Material</u>	<u>Unit</u>	<u>Quantity</u>	
Beryllium Metal	ST	15.5	
Chromium, Ferro	ST	23,500	
Chromium, Metal	ST	200	
Manganese, Ferro	ST	50,000	
Manganese, Metallurgical Grade	SDT	322,025	
Platinum	Tr Oz	8,380	
Platinum-Iridium	Tr Oz	489	
Tin	MT	804	
Tungsten Metal Powder	LB W	77,433	
Tungsten Ores & Concentrates	LB W	3,000,000	
Zinc	ST	7,339	
Potential Acquisitions			
<u>Material</u>	<u>Unit</u>	<u>Quantity</u>	
Boron Carbide	LB	65,000	
High Modulus High Strength Carbon Fibers	MT	4.5	
Cadmium Zinc Telluride substrates (CZT)	cm ²	16,000	
Dysprosium Metal	MT	0.5	
Ferro-niobium	MT	104.5	
Germanium Metal	kg	1,600	
Lithium Cobalt Oxide (LCO)	kg	300	
Lithium Nickel Cobalt Aluminum Oxide (LNCAO)	kg	1,080	
Mesocarbon Microbeads (MCMB)	kg	1,296	
Triamino-Trinitrobenzene (TATB)	LB	16,000	
Tantalum	LB Ta	46,750	
Tungsten-3 Rhenium Metal	kg	2,500	
Yttrium Oxide	MT	10	

DISPOSAL OF EXCESS INVENTORY

The NDS sold \$42.53 million of excess materials during FY16. Sales for FY01 through FY16, totalling \$4.2 billion, are shown in Chart 1.

CHART 1: PRIOR YEAR SALES

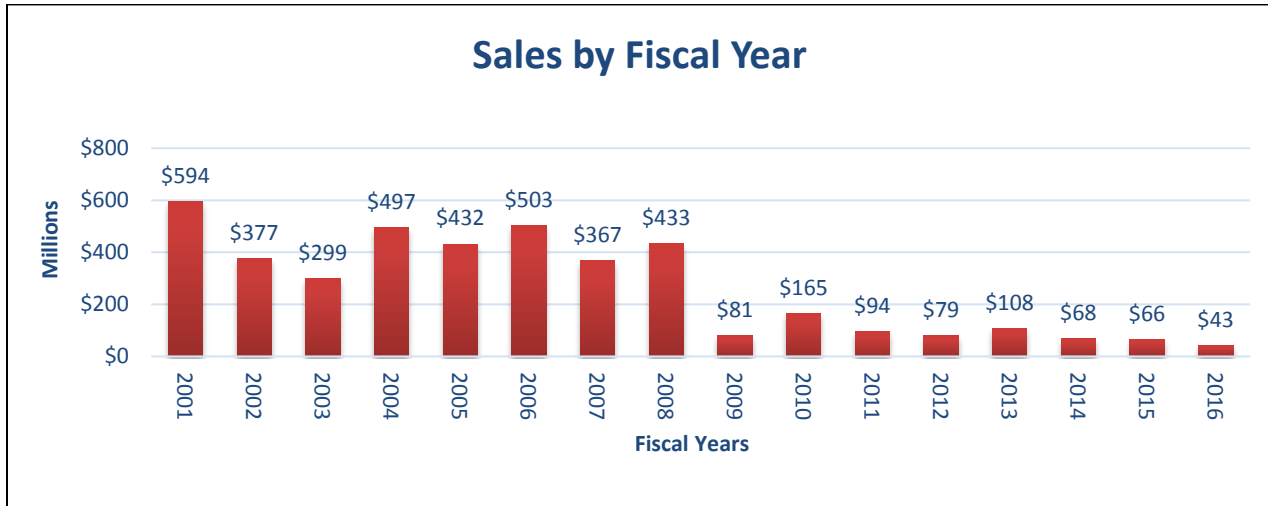


CHART 2: FISCAL YEAR 2016 SALES

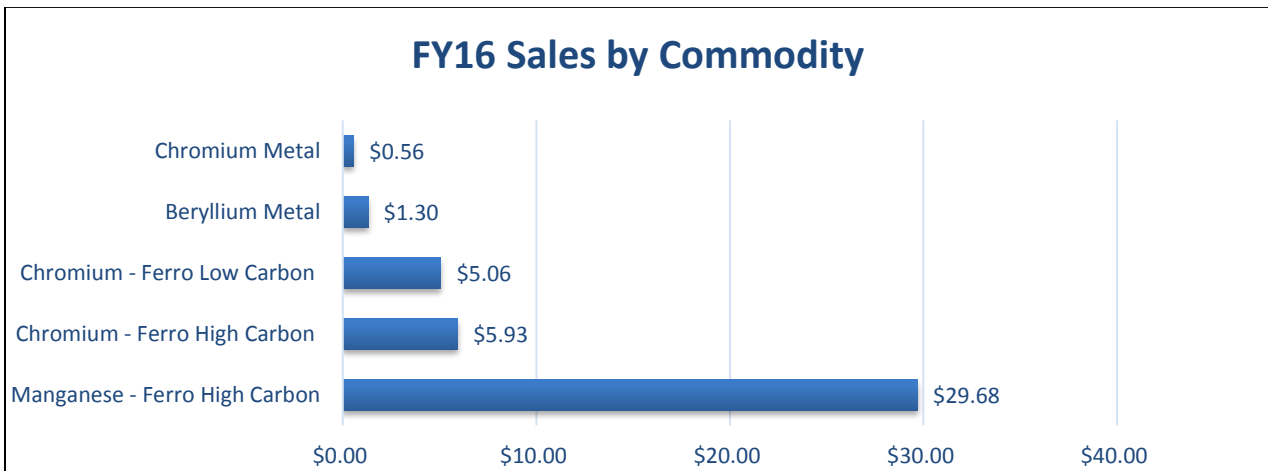


Table 3 lists all NDS sales for FY16. A summary of sales is shown in Chart 2. Dollar amounts are based on awarded contracts. The top selling material in FY16 was High Carbon Ferromanganese. It accounted for \$29.68 million and 70 percent of total sales.

TABLE 3: FISCAL YEAR 2016 SALES - NATIONAL DEFENSE STOCKPILE

Principal Sales Program Transaction Fund #1			
MATERIALS	UNIT	QUANTITY	SALES VALUE
MANGANESE - FERRO HIGH CARBON	ST	50,000	\$29,681,940.00
CHROMIUM METAL	ST	64	\$562,603.05
SUBTOTAL Transaction Fund #1:			\$30,244,543.05
P.L. 105-261 #4			
MATERIALS	UNIT	QUANTITY	SALES VALUE
BERYLLIUM METAL	ST	2.86	\$1,302,982.50
CHROMIUM - FERRO HIGH CARBON	ST	6,155	\$5,925,353.82
CHROMIUM - FERRO LOW CARBON	ST	2,373	\$5,060,996.52
SUBTOTAL Transaction Fund #4:			\$12,289,332.84
		TOTAL SALES	\$42,533,875.89
<p>1). The Principal Sales Program Transaction Fund Account # 1 consists of all commodities authorized for sale that are not specifically earmarked for any particular revenue goal. Revenues from the principal program return to the Transaction Fund and are used to fund NDS operations and management by the DLA.</p>			
<p>2). P.L. 105-261 authorizes the sale of specific quantities of four NDS commodities. The program started in FY00 and extends through FY16. These revenues were originally used to reclaim certain radio frequencies that are reserved for the Department of Defense but were surrendered for civilian use. That use for the revenue has ended, but the revenue continues to be transferred to the General Fund of the Treasury to fund activities unrelated to the National Defense Stockpile. DLA anticipates meeting the current legislative revenue goal for this program in FY16.</p>			

III: FINANCIAL STATUS OF THE NDS TRANSACTION FUND

OVERVIEW

The FY16 Transaction Fund financial status (Table 4) shows the collection, disbursement and obligation activity of the National Defense Stockpile. All proceeds from the sale of excess materials are posted in the Transaction Fund, with some funds subsequently transferred to the General Fund of the Treasury.

TABLE 4: FINANCIAL STATUS OF THE NDS TRANSACTION FUND
OCTOBER 1, 2015 TO SEPTEMBER 30, 2016
(Millions of Dollars)

TRANSACTION FUND	FY15	FY16
Beginning Unobligated Balance	202	211
Collections from Sales of Material	61	42
Prior-Year Recovery of Obligations	*2	*3
Subtotal	265	256
Transfers and Reductions		
Congressional Mandated Programs	(28)	(20)
Temporary Reduction in Spending Authority	**(27)	**(27)
Prior Year Temporary Reduction in Spending Authority	***42	***27
Total Transfers and Reductions	(13)	(20)
DLA Strategic Materials Operations		
Obligations and Expenditures	(41)	(45)
ENDING UNOBLIGATED BALANCE**	***211	***191
<p>* Represents prior-year obligations no longer required and closed by the Program Managers.</p> <p>**Sequestration Order to temporarily reduce budgetary resources.</p> <p>***Represents prior-year sequestered amounts that were subsequently restored.</p> <p>**** Unobligated balance figures do not take into consideration future funded expenses related to environmental liabilities.</p>		

Table 4: Excess material sales generated collections of \$42 million in FY16. Transfers to congressionally mandated programs totaled \$20 million. Sequestration order, under section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177), as amended by the Taxpayer Relief Act of 2012, directs the reduction of NDS prior year balances

be carried forward in the amount of \$27 million. Although budgetary resources were automatically canceled to enforce certain budget policy goals during the year in which the sequestration occurred, by law, resources were restored (made available) in subsequent years.

All data shown in Table 4 is sourced from official accounting records, as reported to the U.S. Treasury by the Defense Finance and Accounting Service. In addition to expenses for NDS operations, the NDS projects \$6.2 million for future funded environmental expenses related to long-term environmental monitoring, remediation and site closures.

In the Cold War era, the NDS held considerable quantities of various strategic and critical materials. The majority of these materials were sold to the private sector with most of the proceeds transferred to other federal or DoD programs in accordance with public laws. Although the programs established under public laws concluded in FY16, the effect of the historical payment and non-expenditure transfers in relation to revenue and costs caused the Transaction Fund cash balance to decline over time.

DLA submitted a legislative proposal in the 2017 cycle that proposed unencumbering stockpile materials deemed to be excess to the needs of the program. Freeing these materials for sale provides the necessary financial flexibility to continue full execution of the NDS mission. This proposal was recently signed into law in the 2017 NDAA. Excess materials will now be sold with all revenue returned to the Transaction Fund, as initially intended by the Stock Piling Act. This legislation provides the necessary financing source to continue funding NDS operations and the acquisition of strategic and critical materials.

IV: OTHER PERTINENT INFORMATION ON ADMINISTRATION OF THE NDS

OPERATIONS ACTIVITIES

Mercury Stewardship: Hawthorne, NV



Figure 4: Hawthorne, NV Army

In FY16, DLA Strategic Materials kicked-off the transfer and repackaging operations of its long term mercury stewardship program. The mercury program is a multi-year plan which provides for the repackaging and long term storage at the DLA Strategic Materials Hawthorne, NV, Depot. Mercury is a potent neurotoxin with a wide range of well-documented impacts to human health, wildlife, and the environment.

DLA Strategic Materials initiated stewardship planning for mercury in 1994 when it proactively suspended all global mercury sales. Industrial and commercial activities around the world had been responsible for significant releases of mercury to the environment. Meanwhile, mercury was no longer needed in the United States because all industrial needs could be satisfied through domestic recycling programs. DLA SM's landmark decision to cease sales in 1994 helped ensure that its 4,438 metric tons (MT) of mercury would remain safely in storage rather than sold abroad and released to the environment.

DLA Strategic Materials mercury stewardship program was rigorously analyzed under the National Environmental Policy Act (NEPA) in 2003. Through an Environmental Impact Statement (EIS), the agency determined that long term consolidated storage was the preferable option over sales or disjointed storage. An Environmental Assessment (EA) completed in 2008 further qualified that the best choice for human health and the environment would be transfer of the mercury from old, assorted, pre-WWII vessels and containers to new state-of-the art containers with the best technologically available manufacturing techniques.



Figure 5: Removal of old flasks from



Figure 6: Mercury transfer to new 76 pound flasks

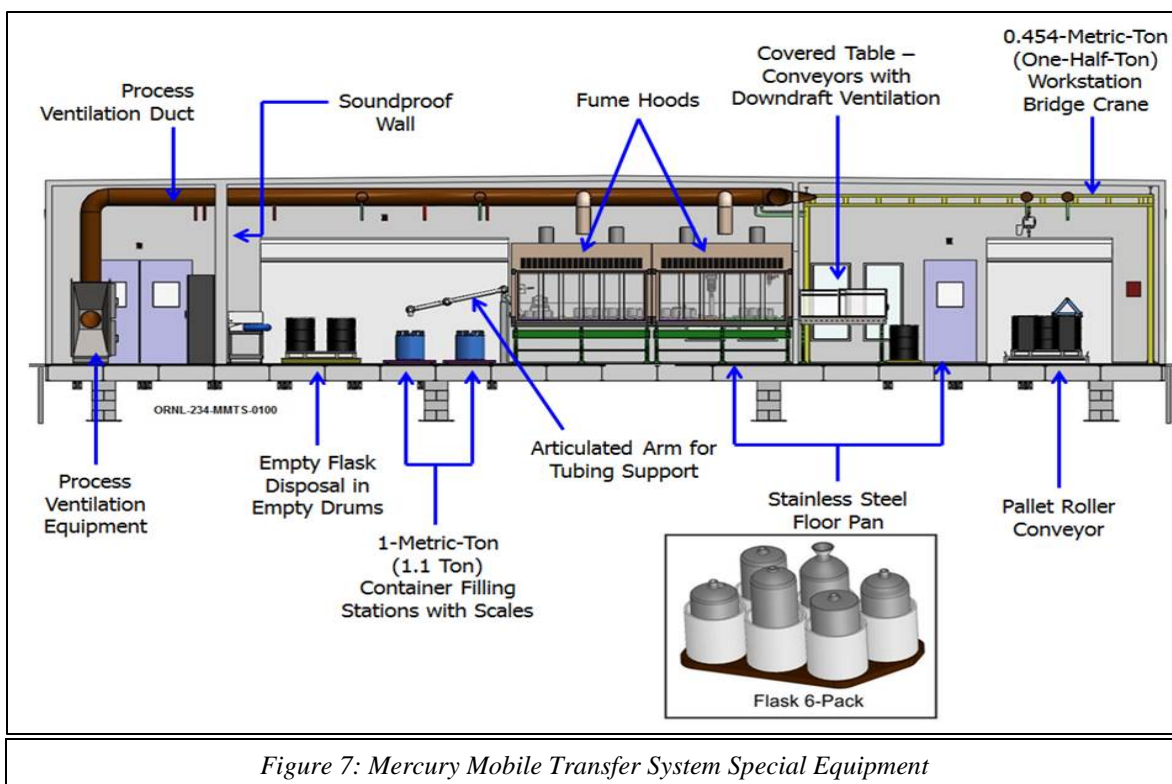
Mercury transfer operations initiated in FY16 have been running smoothly, and DLA SM has safely transferred 170 MT of mercury into long-term storage during this first year of operation. The successful transfer operations are the result of many years of planning, the development of a state of the art Mobile Mercury Transfer System (MMTS) facility, and use of specially fabricated containers with technologically advanced welds. The consolidation of mercury from multiple sites to one site is maximizing economies of scale and minimizing risk.

The MMTS facility is regulated by the NV Chemical Accident Prevention Program (CAPP). The DLA Strategic Materials Material Management Directorate maintains 29 standard operating procedures to operate the MMTS, and maintains vigorous programs in the areas of training, employee participation, management of change, and 10 other program areas.

The procedures and technologies developed for long-term mercury transfer and storage at Hawthorne, NV:

- Ensure the safe, long-term mercury management;
- Prevent any significant environmental impacts;
- Are cost effective;
- Ensure indefinite long term safety through advanced containment and monitoring; and
- Maximize worker protection through a network of integrated air monitoring ports and hoods

DLA Strategic Materials stewardship and long-term storage of mercury is a positive for global human health and the environment.



ENVIRONMENTAL ACTIVITIES

Environmental Remediation Project: Somerville, NJ

Why is DLA Strategic Materials involved in environmental remediation projects? Inherent to its mission, DLA Strategic Material stockpiles a variety of strategic and critical materials for national defense needs at depot locations across the country. The operations at many of these locations date back to the mid-1900s and predate many major US environmental laws and regulations. Some of the historical practices of material storage and handling would not be considered current best practices, and unfortunately allowed chemical constituents to leach out of our materials into soil and water.

Due to the history of our sites, it is not uncommon for DLA Strategic Materials to “clean-up,” depot locations before they can be disposed of. These clean-ups are called environmental remediation projects. They involve removing the contaminants from soil, groundwater, and surface water to levels specified by federal and state environmental protection agencies. These levels are protective of public health and the environment.

One such current project is the 83-acre Somerville, NJ depot formerly used as a Defense National Stockpile Center (DNSC) to store materials including chromite, zinc, aluminum, lead, ferrochrome, bauxite, and mercury. The property is owned by the General Services Administration (GSA). Operations ceased at the Somerville, NJ depot in 2007 and all commodities were removed.

From 1999-2013, various environmental investigations were conducted to determine any areas of soil, groundwater, surface water, or sediment contamination. The findings of the final Environmental Remedial Investigation identified impacted soils and potentially impacted waters.

In FY16, Strategic Materials brought Naval Facilities Engineering Command (NAVFAC) on board to fully delineate all contamination previously identified. Approximately 42 sampling sites were identified to further clarify horizontal and vertical extents of contaminants in soil and groundwater. In conjunction with these efforts, a Quality Assurance Project Plan (QAPP), a Sampling and Analysis Plan (SAP), and an Accident Prevention Plan (APP) are under development.



Figure 8: Somerville, NJ Depot Remediation Project

The entirety of all sampling and remediation investigation findings will be used to generate a Feasibility Study (FS) for the Somerville Depot in FY17. The report will summarize the data collected during the investigation, and document delineation of chemicals of concern in soil and water. Appropriate cleanup levels will be identified, and data will be evaluated to determine areas requiring remediation. The FS will develop and evaluate alternative remedial actions and technologies. Strategic Materials will use the results of the FS to initiate a remedial action that is:

- Protective of human health and the environment;
- In compliance with all NJ state and federal requirements;
- Effective and permanent; and
- Cost effective

In order to mitigate against future environmental contamination and liabilities, DLA Strategic Materials uses its Environmental, Safety and Occupational Health Management System (ESOHMS). The procedures, trainings, and internal controls of the ESOHMS help provide safe,

secure and environmentally sound stewardship for strategic and critical materials within the United States NDS.

APPENDIX A: THE STRATEGIC AND CRITICAL MATERIALS STOCK PILING ACT

(50 U.S.C. § 98 et seq.)

(As amended through Public Law 114-92, the National Defense Authorization Act for Fiscal Year 2016)

Note: there were no changes in the FY16 NDAA

SEC. 1. This Act may be cited as the "Strategic and Critical Materials Stock Piling Act".

Congressional findings and declaration of purpose

SEC. 2. (a) The Congress finds that the natural resources of the United States in certain strategic and critical materials are deficient or insufficiently developed to supply the military, industrial, and essential civilian needs of the United States for national defense.

(b) It is the purpose of this Act to provide for the acquisition and retention of stocks of certain strategic and critical materials and to encourage the conservation and development of sources of such materials within the United States and thereby to decrease and to preclude, when possible, a dangerous and costly dependence by the United States upon foreign sources or a single point of failure for supplies of such materials in times of national emergency.

(c) The purpose of the National Defense Stockpile is to serve the interest of national defense only. The National Defense Stockpile is not to be used for economic or budgetary purposes.

Materials to be Acquired: Presidential Authority and Guidelines

SEC. 3. (a) Determination of materials; quantities. Subject to subsection (c), the President shall determine from time to time (1) which materials are strategic and critical materials for the purposes of this Act, and (2) the quality and quantity of each such material to be acquired for the purposes of this Act and the form in which each such material shall be acquired and stored. Such materials when acquired, together with the other materials described in section 4 of this Act, shall constitute and be collectively known as the National Defense Stockpile (hereinafter in this Act referred to as the "stockpile").

(b) Guidelines for exercise of Presidential authority. The President shall make the determinations required to be made under subsection (a) on the basis of the principles stated in section 2(c).

(c) Quantity change; notification to Congress.

(1) The quantity of any material to be stockpiled under this Act, as in effect on September 30, 1987, may be changed only as provided in this subsection or as otherwise provided by law enacted after December 4, 1987.

(2) The President shall notify Congress in writing of any change proposed to be made in the quantity of any material to be stockpiled. The President may make the change after the end of the 45-day period beginning on the date of the notification. The President shall include a full explanation and justification for the proposed change with the notification.

Materials constituting the National Defense Stockpile

SEC. 4. (a) Contents. The stockpile consists of the following materials:

(1) Materials acquired under this Act and contained in the national stockpile on July 29, 1979.

(2) Materials acquired under this Act after July 29, 1979.

(3) Materials in the supplemental stockpile established by section 104(b) of the Food for Peace Act [7 *USCS* § 1704(b)] (as in effect from September 21, 1959, through December 31, 1966) on July 29, 1979.

(4) Materials acquired by the United States under the provisions of section 303 of the Defense Production Act of 1950 (50 *U.S.C. App.* 2093) and transferred to

the stockpile by the President pursuant to subsection (f) of such section.

(5) Materials transferred to the United States under section 663 of the Foreign Assistance Act of 1961 (22 U.S.C. 2423) that have been determined to be strategic and critical materials for the purposes of this Act and that are allocated by the President under subsection (b) of such section for stockpiling in the stockpile.

(6) Materials acquired by the Commodity Credit Corporation and transferred to the stockpile under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)).

(7) Materials acquired by the Commodity Credit Corporation under paragraph (2) of section 103(a) of the Act entitled "An Act to provide for greater stability in agriculture; to augment the marketing and disposal of agricultural products; and for other purposes", approved August 28, 1954 (7 U.S.C. 1743(a)), and transferred to the stockpile under the third sentence of such section.

(8) Materials transferred to the stockpile by the President under paragraph (4) of section 103(a) of such Act of August 28, 1954 [7 USCS § 1743(a)(4)].

(9) Materials transferred to the stockpile under subsection (b).

(10) Materials transferred to the stockpile under subsection (c).

(b) Transfer and reimbursement. Notwithstanding any other provision of law, any material that (1) is under the control of any department or agency of the United States, (2) is determined by the head of such department or agency to be excess to its needs and responsibilities, and (3) is required for the stockpile shall be transferred to the stockpile. Any such transfer shall be made without reimbursement to such department or agency, but all costs required to effect such transfer shall be paid or reimbursed from funds appropriated to carry out this Act.

(c) Transfer and disposal.

(1) The Secretary of Energy, in consultation with the Secretary of Defense, shall transfer to the stockpile for disposal in accordance with this Act uncontaminated materials that are in the Department of Energy inventory of materials for the production of defense-related items, are excess to the requirements of the Department for that purpose, and

are suitable for transfer to the stockpile and disposal through the stockpile.

(2) The Secretary of Defense shall determine whether materials are suitable for transfer to the stockpile under this subsection, are suitable for disposal through the stockpile, and are uncontaminated.

Authority for stockpile operations

SEC. 5. (a) Funds appropriated for acquisitions; proposed stockpile transactions; significant changes therein.

(1) Except for acquisitions made under the authority of paragraph (3) or (4) of section 6(a), no funds may be obligated or appropriated for acquisition of any material under this Act unless funds for such acquisition have been authorized by law. Funds appropriated for such acquisition (and for transportation and other incidental expenses related to such acquisition) shall remain available until expended, unless otherwise provided in appropriation Acts.

(2) If for any fiscal year the President proposes certain stockpile transactions in the annual materials plan submitted to Congress for that year under section 11(b) and after that plan is submitted the President proposes (or Congress requires) a significant change in any such transaction, or a significant transaction not included in such plan, no amount may be obligated or expended for such transaction during such year until the President has submitted a full statement of the proposed transaction to the appropriate committees of Congress and a period of 45 days has passed from the date of the receipt of such statement by such committees.

(b) Disposal. Except for disposals made under the authority of paragraph (3), (4), or (5) of section 6(a) or under section 7(a), no disposal may be made from the stockpile unless such disposal, including the quantity of the material to be disposed of, has been specifically authorized by law.

(c) Authorization of appropriations. There is authorized to be appropriated such sums as may be necessary to provide for the transportation, processing, refining, storage, security, maintenance, rotation, and disposal of materials contained in or acquired for the stockpile. Funds appropriated for such purposes shall remain available to carry out the purposes for which appropriated for a period of two fiscal years, if so provided in appropriation Acts.

Stockpile management

SEC. 6. (a) Presidential powers. The President shall-

- (1) acquire the materials determined under section 3(a) to be strategic and critical materials;
- (2) provide for the proper storage, security, and maintenance of materials in the stockpile;
- (3) provide for the upgrading, refining, or processing of any material in the stockpile (notwithstanding any intermediate stockpile quantity established for such material) when necessary to convert such material into a form more suitable for storage, subsequent disposition, and immediate use in a national emergency;
- (4) provide for the rotation of any material in the stockpile when necessary to prevent deterioration or technological obsolescence of such material by replacement of such material with an equivalent quantity of substantially the same material or better material;
- (5) provide for the appropriate recovery of any strategic and critical materials under section 3(a) that may be available from excess materials made available for recovery purposes by other Federal agencies;
- (6) subject to the notification required by subsection (d)(2), provide for the timely disposal of materials in the stockpile that (A) are excess to stockpile requirements, and (B) may cause a loss to the Government if allowed to deteriorate; and
- (7) subject to the provisions of section 5(b), dispose of materials in the stockpile the disposal of which is specifically authorized by law.

(b) Federal procurement practices. Except as provided in subsections (c) and (d), acquisition of strategic and critical materials under this Act shall be made in accordance with established Federal procurement practices, and, except as provided in subsections (c) and (d) and in section 7(a), disposal of strategic and critical materials from the stockpile shall be made in accordance with the next sentence. To the maximum extent feasible--

- (1) competitive procedures shall be used in the acquisition and disposal of such materials; and

(2) efforts shall be made in the acquisition and disposal of such materials to avoid undue disruption of the usual markets of producers, processors, and consumers of such materials and to protect the United States against avoidable loss.

(c) Barter; use of stockpile materials as payment for expenses of acquiring, refining, processing, or retailing materials.

(1) The President shall encourage the use of barter in the acquisition under subsection (a)(1) of strategic and critical materials for, and the disposal under subsection (a)(5) or (a)(6) of materials from, the stockpile when acquisition or disposal by barter is authorized by law and is practical and in the best interest of the United States.

(2) Materials in the stockpile (the disposition of which is authorized by paragraph (3) to finance the upgrading, refining, or processing of a material in the stockpile, or is otherwise authorized by law) shall be available for transfer at fair market value as payment for expenses (including transportation and other incidental expenses) of acquisition of materials, or of upgrading, refining, processing, or rotating materials, under this Act.

(3) Notwithstanding section 3(c) or any other provision of law, whenever the President provides under subsection (a)(3) for the upgrading, refining, or processing of a material in the stockpile to convert that material into a form more suitable for storage, subsequent disposition, and immediate use in a national emergency, the President may barter a portion of the same material (or any other material in the stockpile that is authorized for disposal) to finance that upgrading, refining, or processing.

(4) To the extent otherwise authorized by law, property owned by the United States may be bartered for materials needed for the stockpile.

(d) Waiver; notification of proposed disposal of materials.

(1) The President may waive the applicability of any provision of the first sentence of subsection (b) to any acquisition of material for, or disposal of material from, the stockpile. Whenever the President waives any such provision with respect to any such acquisition or disposal, or whenever the President determines that the application of paragraph (1) or (2) of such subsection to a particular acquisition or disposal is not feasible, the President shall notify the Committee on Armed Services of the Senate and the

Committee on Armed Services of the House of Representatives in writing of the proposed acquisition or disposal at least 45 days before any obligation of the United States is incurred in connection with such acquisition or disposal and shall include in such notification the reasons for not complying with any provision of such subsection.

(2) Materials in the stockpile may be disposed of under subsection (a)(5) only if such congressional committees are notified in writing of the proposed disposal at least 45 days before any obligation of the United States is incurred in connection with such disposal. (e) Leasehold interests in property. The President may acquire leasehold interests in property, for periods not in excess of twenty years, for storage, security, and maintenance of materials in the stockpile.

Special disposal authority of the President

SEC. 7. (a) Materials in the stockpile may be released for use, sale, or other disposition--

(1) on the order of the President, at any time the President determines the release of such materials is required for purposes of the national defense;

(2) in time of war declared by the Congress or during a national emergency, on the order of any officer or employee of the United States designated by the President to have authority to issue disposal orders under this subsection, if such officer or employee determines that the release of such materials is required for purposes of the national defense; and

(3) on the order of the Under Secretary of Defense for Acquisition, Technology, and Logistics, if the President has designated the Under Secretary to have authority to issue release orders under this subsection and, in the case of any such order, if the Under Secretary determines that the release of such materials is required for use, manufacture, or production for purposes of national defense.

(b) Any order issued under subsection (a) shall be promptly reported by the President, or by the officer or employee issuing such order, in writing, to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives.

Materials development and research

SEC. 8. (a) Development, mining, preparation, treatment, and utilization of ores and other mineral substances.

(1) The President shall make scientific, technologic, and economic investigations concerning the development, mining, preparation, treatment, and utilization of ores and other mineral substances that (A) are found in the United States, or in its territories or possessions, (B) are essential to the national defense, industrial, and essential civilian needs of the United States, and (C) are found in known domestic sources in inadequate quantities or grades.

(2) Such investigations shall be carried out in order to--

(A) determine and develop new domestic sources of supply of such ores and mineral substances;

(B) devise new methods for the treatment and utilization of lower grade reserves of such ores and mineral substances; and

(C) develop substitutes for such essential ores and mineral products.

(3) Investigations under paragraph (1) may be carried out on public lands and, with the consent of the owner, on privately owned lands for the purpose of exploring and determining the extent and quality of deposits of such minerals, the most suitable methods of mining and beneficiating such minerals, and the cost at which the minerals or metals may be produced.

(b) Development of sources of supplies of agricultural commodities for manufacture of materials. The President shall make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 3(a) of this Act to be a strategic and critical material or substitutes therefor.

(c) Development of sources of supplies of other materials; development of use of alternative methods for refining or processing materials in stockpile. The President shall make scientific, technologic, and economic investigations concerning the feasibility of--

(1) developing domestic sources of supply of materials (other than materials referred to in

subsections (a) and (b)) determined pursuant to section 3(a) to be strategic and critical materials; and

(2) developing or using alternative methods for the refining or processing of a material in the stockpile so as to convert such material into a form more suitable for use during an emergency or for storage.

(d) Grants and contracts to encourage conservation of strategic and critical materials. The President shall encourage the conservation of domestic sources of any material determined pursuant to section 3(a) to be a strategic and critical material by making grants or awarding contracts for research regarding the development of--

(1) substitutes for such material; or

(2) more efficient methods of production or use of such material.

National Defense Stockpile Transaction Fund

SEC. 9. (a) Establishment. There is established in the Treasury of the United States a separate fund to be known as the National Defense Stockpile Transaction Fund (hereinafter in this section referred to as the "fund").

(b) Fund operations.

(1) All moneys received from the sale of materials in the stockpile under paragraphs (5) and (6) of section 6(a) shall be covered into the fund.

(2) Subject to section 5(a)(1)], moneys covered into the fund under paragraph (1) are hereby made available (subject to such limitations as may be provided in appropriation Acts) for the following purposes:

(A) The acquisition, maintenance, and disposal of strategic and critical materials under section 6(a) a).

(B) Transportation, storage, and other incidental expenses related to such acquisition, maintenance, and disposal.

(C) Development of current specifications of stockpile materials and the upgrading of existing stockpile materials to meet current specifications (including transportation, when economical, related to such upgrading).

(D) Encouraging the appropriate conservation of strategic and critical materials.

(E) Testing and quality studies of stockpile materials.

(F) Studying future material and mobilization requirements for the stockpile.

(G) Activities authorized under section 15.

(H) Contracting under competitive procedures for materials development and research to--

(i) improve the quality and availability of materials stockpiled from time to time in the stockpile; and

(ii) develop new materials for the stockpile.

(I) Improvement or rehabilitation of facilities, structures, and infrastructure needed to maintain the integrity of stockpile materials.

(J) Disposal of hazardous materials that are stored in the stockpile and authorized for disposal by law.

(K) Performance of environmental remediation, restoration, waste management, or compliance activities at locations of the stockpile that are required under a Federal law or are undertaken by the Government under an administrative decision or negotiated agreement.

(L) Pay of employees of the National Defense Stockpile program.

(M) Other expenses of the National Defense Stockpile program.

(3) Moneys in the fund shall remain available until expended.

(c) Moneys received from the sale of materials being rotated or disposed of. All moneys received from the sale of materials being rotated under the provisions of section 6(a)(4) or disposed of under section 7(a) shall be covered into the fund and shall be available only for the acquisition of replacement materials.

(d) Effect of bartering. If, during a fiscal year, the National Defense Stockpile Manager barters materials in the stockpile for the purpose of acquiring, upgrading, refining, or processing other materials (or for services directly related to that

purpose), the contract value of the materials so bartered shall--

(1) be applied toward the total value of materials that are authorized to be disposed of from the stockpile during that fiscal year;

(2) be treated as an acquisition for purposes of satisfying any requirement imposed on the National Defense Stockpile Manager to enter into obligations during that fiscal year under subsection (b)(2); and

(3) not increase or decrease the balance in the fund.

Advisory committees

SEC. 10. (a) Membership. The President may appoint advisory committees composed of individuals with expertise relating to materials in the stockpile or with expertise in stockpile management to advise the President with respect to the acquisition, transportation, processing, refining, storage, security, maintenance, rotation, and disposal of such materials under this Act.

(b) Expenses. Each member of an advisory committee established under subsection (a) while serving on the business of the advisory committee away from such member's home or regular place of business shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons intermittently employed in the Government service.

(c) Market Impact Committee.

(1) The President shall appoint a Market Impact Committee composed of representatives from the Department of Agriculture, the Department of Commerce, the Department of Defense, the Department of Energy, the Department of the Interior, the Department of State, the Department of the Treasury, and the Federal Emergency Management Agency, and such other persons as the President considers appropriate. The representatives from the Department of Commerce and the Department of State shall be Cochairmen of the Committee.

(2) The Committee shall advise the National Defense Stockpile Manager on the projected domestic and foreign economic effects of all acquisitions and disposals of materials from the stockpile that are proposed to be included in the annual materials plan submitted to Congress under section 11(b), or in any

revision of such plan, and shall submit to the manager the Committee's recommendations regarding those acquisitions and disposals.

(3) The annual materials plan or the revision of such plan, as the case may be, shall contain--

(A) the views of the Committee on the projected domestic and foreign economic effects of all acquisitions and disposals of materials from the stockpile;

(B) the recommendations submitted by the Committee under paragraph (2); and

(C) for each acquisition or disposal provided for in the plan or revision that is inconsistent with a recommendation of the Committee, a justification for the acquisition or disposal.

(4) In developing recommendations for the National Defense Stockpile Manager under paragraph (2), the Committee shall consult from time to time with representatives of producers, processors, and consumers of the types of materials stored in the stockpile.

Reports to Congress

SEC. 11. (a) Not later than January 15 of each year, the President shall submit to the Congress an annual written report detailing operations under this Act. Each such report shall include--

(1) information with respect to foreign and domestic purchases of materials during the preceding fiscal year;

(2) information with respect to the acquisition and disposal of materials under this Act by barter, as provided for in section 6(c) of this Act during such fiscal year;

(3) information with respect to the activities by the Stockpile Manager to encourage the conservation, substitution, and development of strategic and critical materials within the United States;

(4) information with respect to the research and development activities conducted under sections 2 and 8;

(5) a statement and explanation of the financial status of the National Defense Stockpile Transaction Fund and the anticipated appropriations to be made to the fund, and obligations to be made from the fund, during the current fiscal year; and

(6) such other pertinent information on the administration of this Act as will enable the Congress to evaluate the effectiveness of the program provided for under this Act and to determine the need for additional legislation.

(b) (1) Not later than February 15 of each year, the President shall submit to the appropriate committees of the Congress a report containing an annual materials plan for the operation of the stockpile during the next fiscal year and the succeeding four fiscal years.

(2) Each such report shall include details of all planned expenditures from the National Defense Stockpile Transaction Fund during such period (including expenditures to be made from appropriations from the general fund of the Treasury) and of anticipated receipts from proposed disposals of stockpile materials during such period. Each such report shall also contain details regarding the materials development and research projects to be conducted under section 9(b)(2)(G) during the fiscal years covered by the report. With respect to each development and research project, the report shall specify the amount planned to be expended from the fund, the material intended to be developed, the potential military or defense industrial applications for that material, and the development and research methodologies to be used.

(3) Any proposed expenditure or disposal detailed in the annual materials plan for any such fiscal year, and any expenditure or disposal proposed in connection with any transaction submitted for such fiscal year to the appropriate committees of Congress pursuant to section 5(a)(2) that is not obligated or executed in that fiscal year may not be obligated or executed until such proposed expenditure or disposal is resubmitted in a subsequent annual materials plan or is resubmitted to the appropriate committees of Congress in accordance with section 5(a)(2), as appropriate.

Definitions

SEC. 12. For the purposes of this Act:

(1) The term "strategic and critical materials" means materials that (A) would be needed to supply the military, industrial, and essential civilian needs of the United States during a national emergency, and (B) are not found or produced in the United States in sufficient quantities to meet such need.

(2) The term "national emergency" means a general declaration of emergency with respect to the national defense made by the President or by the Congress.

Importation of strategic and critical materials

SEC. 13. The President may not prohibit or regulate the importation into the United States of any material determined to be strategic and critical pursuant to the provisions of this Act, if such material is the product of any foreign country or area not listed in general note 3(b) of the Harmonized Tariff Schedule of the United States (*19 USC 1202*), for so long as the importation into the United States of material of that kind which is the product of a country or area listed in such general note is not prohibited by any provision of law.

Biennial report on stockpile requirements

SEC. 14. (a) In general. Not later than January 15 of every other year, the Secretary of Defense shall submit to Congress a report on stockpile requirements. Each such report shall include--

(1) the Secretary's recommendations with respect to stockpile requirements; and

(2) the matters required under subsection (b).

(b) National emergency planning assumptions. Each report under this section shall set forth the national emergency planning assumptions used by the Secretary in making the Secretary's recommendations under subsection (a)(1) with respect to stockpile requirements. The Secretary shall base the national emergency planning assumptions on a military conflict scenario consistent with the scenario used by the Secretary in budgeting and defense planning purposes. The assumptions to be set forth include assumptions relating to each of the following:

(1) The length and intensity of the assumed military conflict.

(2) The military force structure to be mobilized.

(3) The losses anticipated from enemy action.

(4) The military, industrial, and essential civilian requirements to support the national emergency.

(5) The availability of supplies of strategic and critical materials from foreign sources during the mobilization period, the military conflict, and the subsequent period of replenishment, taking into consideration possible shipping losses.

(6) The domestic production of strategic and critical materials during the mobilization period, the military conflict, and the subsequent period of replenishment, taking into consideration possible shipping losses.

(7) Civilian austerity measures required during the mobilization period and military conflict.

(c) Period within which to replace or replenish materials. The stockpile requirements shall be based on those strategic and critical materials necessary for the United States to replenish or replace, within three years of the end of the military conflict scenario required under subsection (b), all munitions, combat support items, and weapons systems that would be required after such a military conflict.

(d) Effect of alternative mobilization periods. The Secretary shall also include in each report under this section an examination of the effect that alternative mobilization periods under the military conflict scenario required under subsection (b), as well as a range of other military conflict scenarios addressing potentially more serious threats to national security, would have on the Secretary's recommendations under subsection (a)(1) with respect to stockpile requirements.

(e) Plans of President. The President shall submit with each report under this section a statement of the plans of the President for meeting the recommendations of the Secretary set forth in the report.

Development of domestic sources

SEC. 15. (a) Purchase of materials of domestic origin; processing of materials in domestic facilities. Subject to subsection (c) and to the extent the President determines such action is required for the national defense, the President shall encourage the development and appropriate conservation of domestic sources for materials determined pursuant to section 3(a) to be strategic and critical materials--

(1) by purchasing, or making a commitment to purchase, strategic and critical materials of domestic

origin when such materials are needed for the stockpile; and

(2) by contracting with domestic facilities, or making a commitment to contract with domestic facilities, for the processing or refining of strategic and critical materials in the stockpile when processing or refining is necessary to convert such materials into a form more suitable for storage and subsequent disposition.

(b) Terms and conditions of contracts or commitments. A contract or commitment made under subsection (a) may not exceed five years from the date of the contract or commitment. Such purchases and commitments to purchase may be made for such quantities and on such terms and conditions, including advance payments, as the President considers to be necessary.

(c) Proposed transactions included in annual materials plan; availability of funds.

(1) Descriptions of proposed transactions under subsection (a) shall be included in the appropriate annual materials plan submitted to Congress under section 11(b). Changes to any such transaction, or the addition of a transaction not included in such plan, shall be made in the manner provided by section 5(a)(2).

(2) The authority of the President to enter into obligations under this section is effective for any fiscal year only to the extent that funds in the National Defense Stockpile Transaction Fund are adequate to meet such obligations. Payments required to be as a result of obligations incurred under this section shall be made from amounts in the fund.

(d) Transportation and other incidental expenses. The authority of the President under subsection (a) includes the authority to pay--

(1) the expenses of transporting materials; and

(2) other incidental expenses related to carrying out such subsection.

(e) Reports. The President shall include in the reports required under section 11(a) information with respect to activities conducted under this section.

National Defense Stockpile Manager

SEC. 16. (a) Appointment. The President shall designate a single Federal office to have responsibility for performing the functions of the

President under this Act, other than under sections 7(a)(1) and 13. The office designated shall be one to which appointment is made by the President, by and with the advice and consent of the Senate.

(b) Title of designated officer. The individual holding the office designated by the President under subsection (a) shall be known for purposes of functions under this Act as the "National Defense Stockpile Manager".

(c) Delegation of functions. The President may delegate functions of the President under this Act (other than under sections 7(a)(1) and 13) only to the National Defense Stockpile Manager. Any such delegation made by the President shall remain in effect until specifically revoked by law or Executive order. The President may not delegate functions of the President under sections 7(a)(1) and 13.

United States Code Citations

Section 2—50 U.S.C. 98a

Section 3—50 U.S.C. 98b

Section 4—50 U.S.C. 98c

Section 5—50 U.S.C. 98d

Section 6—50 U.S.C. 98e

Section 7—50 U.S.C. 98f

Section 8—50 U.S.C. 98g

Section 9—50 U.S.C. 98h

Section 10—50 U.S.C. 98h-1

Section 11—50 U.S.C. 98h-2

Section 12—50 U.S.C. 98h-3

Section 13—50 U.S.C. 98h-4

Section 14—50 U.S.C. 98h-5

Section 15—50 U.S.C. 98h-6

Section 16—50 U.S.C. 98h-7

APPENDIX B:
EXCERPTS FROM THE NATIONAL DEFENSE
AUTHORIZATION ACT FOR FISCAL YEAR 2014
Public Law 113-66

**SEC. 1411. USE OF NATIONAL
DEFENSE STOCKPILE FOR THE
CONSERVATION OF A STRATEGIC
AND CRITICAL MATERIALS
SUPPLY**

(a) Presidential Responsibility for Conservation of Stockpile Materials.--Section 6(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98e(a)) is amended--

(1) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively; and

(2) by inserting after paragraph (4) the following new paragraph (5):

“(5) provide for the appropriate recovery of any strategic and critical materials under section 3(a) that may be available from excess materials made available for recovery purposes by other Federal agencies;”.

(b) Uses of National Defense Stockpile Transaction Fund.--Section 9(b)(2) of such Act (50 U.S.C. 98h(b)(2)) is amended--

(1) by redesignating subparagraphs (D) through (L) as subparagraphs (E) through (M), respectively; and

(2) by inserting after subparagraph (C) the following new subparagraph (D):

“(D) Encouraging the appropriate conservation of strategic and critical materials.”.

(c) Development of Domestic Sources.--Section 15(a) of such Act (50 U.S.C. 98h-6(a)) is amended, in the matter preceding paragraph (1), by inserting “and appropriate conservation” after “development”.

**SEC. 1412. AUTHORITY TO ACQUIRE
ADDITIONAL MATERIALS FOR THE
NATIONAL DEFENSE STOCKPILE.**

(a) Acquisition Authority.--Using funds available in the National Defense Stockpile Transaction Fund, the National Defense Stockpile Manager may acquire the following materials determined to be strategic and critical materials required to meet the defense, industrial, and essential civilian needs of the United States:

(1) Ferro-niobium.

(2) Dysprosium Metal.

(3) Yttrium Oxide.

(4) Cadmium Zinc Tellurium Substrate

Materials.

(5) Lithium Ion Precursors.

(6) Triamino-Trinitrobenzene and Insensitive High Explosive Molding Powders.

(b) Amount of Authority.--The National Defense Stockpile Manager may use up to \$41,000,000 of the National Stockpile Transaction Fund for acquisition of the materials specified in subsection (a).

(c) Fiscal Year Limitation.--The authority under this section is available for purchases during fiscal year 2014 through fiscal year 2019.

APPENDIX C: PREVIOUS YEARS' NATIONAL DEFENSE AUTHORIZATION ACTS

EXCERPTS FROM THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2013 Public Law 112-81

SEC. 1411. AUTHORIZED USES OF NATIONAL DEFENSE STOCKPILE FUNDS.

(a) Obligation of Stockpile Funds.--During fiscal year 2013, the National Defense Stockpile Manager may obligate up to \$44,899,227 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) Additional Obligations.--The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) Limitations.--The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 1412. ADDITIONAL SECURITY OF STRATEGIC MATERIALS SUPPLY CHAINS.

Section 2(b) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98a(b)) is amended by

inserting ``or a single point of failure" after ``foreign sources".

SEC. 1413. RELEASE OF MATERIALS NEEDED FOR NATIONAL DEFENSE PURPOSES FROM THE STRATEGIC AND CRITICAL MATERIALS STOCKPILE.

(a) Authority for President to Delegate Special Disposal Authority of President for Release for National Defense Purposes.--Section 7(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98f(a)) is amended--

(1) in paragraph (1), by striking ``and" at the end;

(2) in paragraph (2), by striking the period at the end and inserting ``; and"; and

(3) by adding at the end the following new paragraph: `` (3) on the order of the Under Secretary of Defense for Acquisition, Technology, and Logistics, if the President has designated the Under Secretary to have authority to issue release orders under this subsection and, in the case of any such order, if the Under Secretary determines that the release of such materials is required for use, manufacture, or production for purposes of national defense.".

(b) Exclusion From Delegation Limitation.--Section 16 of such Act (50 U.S.C. 98h-7) is amended by striking ``sections 7 and 13" each place it appears and inserting ``sections 7(a)(1) and 13".

EXCERPTS FROM THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2012

SEC. 853. ASSESSMENT OF FEASIBILITY AND ADVISABILITY OF ESTABLISHMENT OF RARE EARTH MATERIAL INVENTORY.

(a) Requirement.--Not later than 180 days after the date of the enactment of this Act, the Administrator of the Defense Logistics Agency Strategic Materials shall submit to the Secretary of Defense an assessment of the feasibility and advisability of establishing an inventory of rare earth materials necessary to ensure the long-term availability of such rare earth materials. The assessment shall--

(1) identify and describe the steps necessary to create an inventory of rare earth materials, including oxides, metals, alloys, and magnets, to support national defense requirements and ensure reliable sources of such materials for defense purposes;

(2) provide a detailed cost-benefit analysis of creating such an inventory in accordance with Office of Management and Budget Circular A-94;

(3) provide an analysis of the potential market effects, including effects on the pricing and commercial availability of such rare earth materials, associated with creating such an inventory;

(4) identify and describe the mechanisms available to the Administrator to make such an inventory accessible, including by purchase, to entities requiring such rare earth materials to support national defense requirements, including producers of end items containing rare earth materials;

(5) provide a detailed explanation of the ability of the Administrator to authorize the sale of excess materials to support a Rare Earth Material Stockpile Inventory Program;

(6) analyze any potential requirements to amend or revise the Defense Logistics Agency Strategic Materials Annual Material Plan for fiscal year 2012 and subsequent years to reflect an inventory of rare earth materials to support national defense requirements;

(7) identify and describe the steps necessary to develop or maintain a competitive, multi-source supply-chain to avoid reliance on a single source of supply;

(8) identify and describe supply sources considered by the Administrator to be reliable,

including an analysis of the capabilities of such sources to produce such materials in forms required for military applications in the next five years, as well as the security of upstream supply for these sources of material; and

(9) include such other considerations and recommendations as necessary to support the establishment of such inventory.

(b) Findings and Recommendations.--

(1) In general.-- Not later than 90 days after the date on which the assessment is submitted under subsection (a), the Secretary of Defense shall submit to the congressional defense committees--

(A) the findings and recommendations from the assessment required under subsection (a);

(B) a description of any actions the Secretary intends to take regarding the plans, strategies, policies, regulations, or resourcing of the Department of Defense as a result of the findings and recommendations from such assessment; and

(C) any recommendations for legislative or regulatory changes needed to ensure the long-term availability of such rare earth materials.

(c) Definitions.--In this section:

(1) The term "rare earth" means any of the following chemical elements in any of their physical forms or chemical combinations and alloys:

- | | |
|------------------|----------------|
| (A) Scandium | (J) Gadolinium |
| (B) Yttrium | (K) Terbium |
| (C) Lanthanum | (L) Dysprosium |
| (D) Cerium | (M) Holmium |
| (E) Praseodymium | (N) Erbium |
| (F) Neodymium | (O) Thulium |
| (G) Promethium | (P) Ytterbium |
| (H) Samarium | (Q) Lutetium |
| (I) Europium | |

(2) The term "capability" means the required facilities, manpower, technological knowledge, and intellectual property necessary for the efficient and effective production of rare earth materials

SEC. 1411. AUTHORIZED USES OF NATIONAL DEFENSE STOCKPILE FUNDS.

(a) Obligation of Stockpile Funds.--During fiscal year 2012, the National Defense Stockpile Manager

may obligate up to \$ 50,107,320 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (*50 U.S.C. 98h*) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) Additional Obligations.--The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) Limitations.--The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

**SEC. 1412. <50 USC 98d note> REVISION
TO REQUIRED RECEIPT OBJECTIVES
FOR PREVIOUSLY AUTHORIZED
DISPOSALS FROM THE NATIONAL
DEFENSE STOCKPILE.**

Section 3402(b) of the National Defense Authorization Act for fiscal year 2000 (Public Law 106-65; *50 U.S.C. 98d* note), as most recently amended by section 1412 of the Ike Skelton National Defense Authorization Act for fiscal year 2011 (Public Law 111-383; 124 Stat. 4412), is further amended by striking "\$ 730,000,000 by the end of fiscal year 2013" in paragraph (5) and inserting "\$ 830,000,000 by the end of fiscal year 2016".

NATIONAL DEFENSE AUTHORIZATION FOR FISCAL YEAR 2011

SEC. 1411. AUTHORIZED USES OF NATIONAL DEFENSE STOCKPILE FUNDS.

(a) **OBLIGATION OF STOCKPILE FUNDS.**—During fiscal year 2011, the National Defense Stockpile Manager may obligate up to \$41,181,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) **ADDITIONAL OBLIGATIONS.**—The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional

obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) **LIMITATIONS.**—The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 1412. REVISION TO REQUIRED RECEIPT OBJECTIVES FOR PREVIOUSLY AUTHORIZED DISPOSALS FROM THE NATIONAL DEFENSE STOCKPILE.

Section 3402(b)(5) of the National Defense Authorization Act for fiscal year 2000 (50 U.S.C. 98d note), as most recently amended by section 1412(a) of the National Defense Authorization Act for fiscal year 2008 (Public Law 110–181; 122 Stat. 418), is amended by striking “\$710,000,000” and inserting “\$730,000,000”.

EXCERPTS FROM THE NATIONAL DEFENSE AUTHORIZATION FOR FISCAL YEAR 2010

SEC. 1411. AUTHORIZED USES OF NATIONAL DEFENSE STOCKPILE FUNDS.

(a) Obligation of Stockpile Funds.--During fiscal year 2010, the National Defense Stockpile Manager may obligate up to \$ 41,179,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) Additional Obligations.--The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) Limitations.--The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 1412. EXTENSION OF PREVIOUSLY AUTHORIZED DISPOSAL OF COBALT FROM NATIONAL DEFENSE STOCKPILE.

Section 3305(a)(5) of the National Defense Authorization Act for fiscal year 1998 (Public Law 105-85; 50 U.S.C. 98d note), as most recently amended by section 1412(b) of the Duncan Hunter National Defense Authorization Act for fiscal year

2009 (Public Law 110-417; 122 Stat. 4648), is further amended by striking "during fiscal year 2009" and inserting "by the end of fiscal year 2011".

SEC. 1413. REPORT ON IMPLEMENTATION OF RECONFIGURATION OF THE NATIONAL DEFENSE STOCKPILE.

(a) Report Required.--Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and House of Representatives a report on any actions the Secretary plans to take in response to the recommendations contained in the report entitled "Reconfiguration of the National Defense Stockpile Report to Congress" dated April 2009 and submitted by the Under Secretary of Defense for Acquisition, Logistics, and Technology, as required by House Report 109-89, House Report 109-452, and Senate Report 110-115.

(b) Contents of Report.-- The report required by subsection (a) shall include the Secretary's recommendations for changes, based on the findings of the April 2009 report, to statutes, regulations, and policies, which the Secretary determines are necessary to enable the implementation of the recommendations contained in the April 2009 report or to improve Federal Government management of the National Defense Stockpile in the interest of the National Security Strategy.

(c) Congressional Notification.--The Secretary may not take any action regarding the implementation of any initiative recommended in the report required by subsection (a) until 45 days after the Secretary submits to the Committees on Armed Services of the Senate and House of Representatives such report.

EXCERPTS FROM THE DUNCAN HUNTER NATIONAL DEFENSE AUTHORIZATION FOR FISCAL YEAR 2009 Public Law 110-417

SEC. 1002. ONE-TIME SHIFT OF MILITARY RETIREMENT PAYMENTS.

(a) Reduction of Payments.—Notwithstanding any other provision of law, any amounts that would otherwise be payable from the fund to individuals for the month of August 2013 (with disbursements scheduled for September 2013) shall be reduced by 1 percent.

(b) Reversion.—Beginning on September 1, 2013 (with disbursements beginning in October 2013), amounts payable to individuals from the fund shall revert back to amounts as specified in law as if the reduction in subsection (a) did not take place.

(c) Refund.—Any individual who has a payment reduced under subsection (a) shall receive a one-time payment, from the fund, in an amount equal to the amount of such reduction. This one-time payment shall be included with disbursements from the fund scheduled for October 2013.

(d) Fund.—In this section, the term “fund” refers to the Department of Defense Military Retirement Fund established by section 1461 of title 10, United States Code.

(e) Transfer.—Not later than 60 days after the date of the enactment of this Act, the Secretary of Defense shall transfer \$40,000,000 from the unobligated balances of the National Defense Stockpile Transaction Fund to the Miscellaneous Receipts Fund of the United States Treasury to offset estimated costs arising from section 702 and the amendments made by such section.

SEC. 1403. DEFENSE HEALTH PROGRAM.

(a) Authorization of Appropriations.—Funds are hereby authorized to be appropriated for the Department of Defense for fiscal year 2009 for expenses, not otherwise provided for, for the Defense Health Program, in the amount of \$24,966,917,000, of which —

(1) \$24,467,074,000 is for Operation and Maintenance,

(2) \$195,938,000 is for Research, Development, Test, and Evaluation, and

(3) \$303,905,000 is for Procurement.

(b) Source of Certain Funds.—Of the amount available under subsection (a), \$1,300,000,000 shall, to the extent provided in advance in an Act making appropriations for fiscal year 2009, be available by transfer from the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h).

SEC. 1411. AUTHORIZED USES OF NATIONAL DEFENSE STOCKPILE FUNDS.

(a) Obligation of Stockpile Funds.—During fiscal year 2009, the National Defense Stockpile Manager may obligate up to \$41,153,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) Additional Obligations.—The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) Limitations.—The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

**SEC. 1412. REVISIONS TO PREVIOUSLY
AUTHORIZED DISPOSALS FROM THE
NATIONAL DEFENSE STOCKPILE.**

(a) Fiscal year 1999 Disposal Authority.—Section 3303(a)(7) of the Strom Thurmond National Defense Authorization Act for fiscal year 1999 (Public Law 105-261; 50 U.S.C. 98d note), as most recently amended by section 1412(b) of the National Defense Authorization Act for fiscal year 2008 (Public Law 110-181; 122 Stat. 418), is further amended by striking “\$1,066,000,000 by the end of

fiscal year 2015” and inserting “\$1,386,000,000 by the end of fiscal year 2016”.

(b) Fiscal year 1998 Disposal Authority.—Section 3305(a)(5) of the National Defense Authorization Act for Fiscal year 1998 (Public Law 105-85; 50 U.S.C. 98d note), as most recently amended by section 3302(b) of the John Warner National Defense Authorization Act for fiscal year 2007 (Public Law 109-364; 120 Stat. 2513), is further amended by striking “2008” and inserting “2009”.

THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2008 Public Law 110-181

SEC. 1411. AUTHORIZED USES OF NATIONAL DEFENSE STOCKPILE FUNDS.

(a) **OBLIGATION OF STOCKPILE FUNDS.**--During fiscal year 2008, the National Defense Stockpile Manager may obligate up to \$44,825,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) **ADDITIONAL OBLIGATIONS.**--The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) **LIMITATIONS.**--The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 1412. REVISIONS TO REQUIRED RECEIPT OBJECTIVES FOR PREVIOUSLY AUTHORIZED DISPOSALS FROM THE NATIONAL DEFENSE STOCKPILE.

(a) **FISCAL YEAR 2000 DISPOSAL
AUTHORITY.**--Section 3402(b) of the National Defense Authorization Act for Fiscal Year 2000 (50 U.S.C. 98d note), as amended by section 3302 of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136; 117 Stat. 1788) and section 3302 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163; 119 Stat. 3545), is amended by striking "\$600,000,000 before" in paragraph (5) and inserting "\$710,000,000 by".

(b) **FISCAL YEAR 1999 DISPOSAL AUTHORITY.**--Section 3303(a) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261; 50 U.S.C. 98d note), as amended by section 3302 of the Ronald W. Reagan National Defense Authorization Act for Year 2005 (Public Law 108-375; 118 Stat. 2193), section 3302 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163; 119 Stat. 3545), and section 3302(a) of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364; 120 Stat. 2513), is amended by striking "\$1,016,000,000 by the end of fiscal year 2014" in paragraph (7) and inserting "\$1,066,000,000 by the end of fiscal year 2015".

SEC. 1413. DISPOSAL OF FERROMANGANESE.

(a) **DISPOSAL AUTHORIZED.**--The Secretary of Defense may dispose of up to 50,000 tons of ferromanganese from the National Defense Stockpile during fiscal year 2008.

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(b) **CONTINGENT AUTHORITY FOR
ADDITIONAL DISPOSAL.**--

(1) **IN GENERAL.**--If the Secretary of Defense enters into a contract for the disposal of the total quantity of ferromanganese authorized for disposal by subsection (a) before September 30, 2008, the Secretary of Defense may dispose of up to an additional 25,000 tons of ferromanganese from the National Defense Stockpile before that date.

(2) **ADDITIONAL AMOUNTS.**--If the Secretary enters into a contract for the disposal of the total quantity of additional ferromanganese authorized for disposal by paragraph (1) before September 30, 2008, the Secretary may dispose of up to an additional 25,000 tons of ferromanganese from the National Defense Stockpile before that date.

(c) **CERTIFICATION.**--The Secretary of Defense may dispose of ferromanganese under the authority of paragraph (1) or (2) of subsection (b) only if the Secretary submits to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives, written

certification that--

(1) the disposal of the additional ferromanganese from the National Defense Stockpile under such paragraph is in the interest of national defense;

(2) the disposal of the additional ferromanganese under such paragraph will not cause disruption to the usual markets of producers and processors of ferromanganese in the United States; and

(3) the disposal of the additional ferromanganese under such paragraph is consistent with the requirements and purpose of the National Defense Stockpile.

(d) NATIONAL DEFENSE STOCKPILE DEFINED.--In this section, the term "National Defense Stockpile" means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

SEC. 1414. DISPOSAL OF CHROME METAL.

(a) DISPOSAL AUTHORIZED.--The Secretary of Defense may dispose of up to 500 short tons of chrome metal from the National Defense Stockpile during fiscal year 2008.

(b) CONTINGENT AUTHORITY FOR ADDITIONAL DISPOSAL.--

(1) IN GENERAL.--If the Secretary of Defense completes the disposal of the total quantity of chrome metal authorized for disposal by subsection (a) before September 30, 2008, the Secretary of Defense may dispose of up to an additional 250 short tons of chrome metal from the National Defense Stockpile before that date.

(2) ADDITIONAL AMOUNTS.--If the Secretary completes the disposal of the total quantity of additional chrome metal authorized for disposal by paragraph (1) before September 30, 2008, the Secretary may dispose of up to an additional 250 short tons of chrome metal from the National Defense Stockpile before that date.

(c) CERTIFICATION.--The Secretary of Defense may dispose of chrome metal under the authority of paragraph (1) or (2) of subsection (b) only if the Secretary submits to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives, not later than 30 days before the commencement of disposal under the applicable paragraph, written certification that--

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(1) the disposal of the additional chrome metal from the National Defense Stockpile is in the interest of national defense;

(2) the disposal of the additional chrome metal will not cause disruption to the usual markets of producers and processors of chrome metal in the United States; and

(3) the disposal of the additional chrome metal is consistent with the requirements and purpose of the National Defense Stockpile.

(d) NATIONAL DEFENSE STOCKPILE DEFINED.--In this section, the term "National Defense Stockpile" means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

EXCERPTS FROM THE JOHN WARNER NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2007 AND REPORT EXCERPTS

Public Law 109-364

TITLE XXXIII--NATIONAL DEFENSE STOCKPILE

Sec. 3301. Authorized uses of National Defense Stockpile funds.

Sec. 3302. Revisions to required receipt objectives for previously authorized disposals from National Defense Stockpile.

SEC. 3301. AUTHORIZED USES OF NATIONAL DEFENSE STOCKPILE FUNDS.

(a) Obligation of Stockpile Funds.—During fiscal year 2007, the National Defense Stockpile Manager may obligate up to \$52,132,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) Additional Obligations.—The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) Limitations.—The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3302. REVISIONS TO REQUIRED RECEIPT OBJECTIVES FOR PREVIOUSLY AUTHORIZED DISPOSALS FROM NATIONAL DEFENSE STOCKPILE.

(a) Fiscal Year 1999 Disposal Authority.—Section 3303(a)

of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261; 50 U.S.C. 98d note), as amended by section 3302 of the Ronald W. Reagan National Defense Authorization Act for Year 2005 (Public Law 108-375; 118 Stat. 2193) and Section 3302 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163; 119 Stat. 3545), is amended —

(1) by striking “and” at the end of paragraph (5); and

(2) by striking the period at the end of paragraph (6) and inserting “;and”; and

(3) by adding at the end the following new paragraph:

“(7) \$1,016,000,000 by the end of fiscal year 2014.”.

(b) Fiscal Year 1998 Disposal Authority.—Section 3305(a)(5) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 50 U.S.C. 98d note), as amended by section 3305 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107-107; 115 Stat. 1390), is amended by striking “2006” and inserting “2008”.

(c) Fiscal Year 1997 Disposal Authority.—Section 3303 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 50 U.S.C. 98d note), as amended by section 3402(f) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65; 113 Stat. 973) and section 3304(c) of the National Defense Authorization Act for 2002 (Public Law 107-107; 115 Stat. 1390), is amended—

(1) in subsection (a), by striking paragraph (2) and inserting the following new paragraph (2):

“(2) \$720,000,000 during the 12-fiscal year period ending September 30, 2008.”; and

(2) in subsection (b)(2), by striking “the 10-fiscal year period” and inserting “the period”.

Conference Report 109-702

Sale of Strategic and Critical Materials

The National Defense Stockpile (NDS) operates under authority of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98, et seq.). The Act mandates the maintenance of a stockpile of strategic and critical materials to decrease, and preclude, when possible, dependence upon foreign sources for supplies in times of national emergency. The Defense National Stockpile Center, a field activity of the Defense Logistics Agency, conducts the sale of strategic and critical materials in the NDS. Over 95 percent of the materials currently in the NDS have been determined to be in excess to the Department of Defense's (DOD) needs and are now being disposed. In the committee report (H. Rept. 109– 89)

accompanying the National Defense Authorization Act for Fiscal Year 2006, the committee noted concern with the increasing reliance on foreign sources of supply, particularly with respect to titanium, for defense programs. In addition, the report directed the Secretary of Defense to review DOD's current policy to dispose of material and determine whether the NDS should be re- configured to adapt to current world market conditions to ensure future availability of materials required for defense needs. The committee notes that this report was not delivered and again urges the Secretary to submit the report to the Senate Committee on Armed Services and the House Committee on Armed Services.

THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2006 Public Law 109-163

TITLE XXXIII--NATIONAL DEFENSE STOCKPILE

Sec. 3301. Authorized uses of National Defense Stockpile funds.

Sec. 3302. Revisions to required objectives for previously authorized disposals from National Defense Stockpile.

Sec. 3303. Authorization for disposal of tungsten ores and concentrates.

Sec. 3304. Disposal of ferromanganese.

SEC. 3301. AUTHORIZED USES OF NATIONAL DEFENSE STOCKPILE FUNDS.

(a) Obligation of Stockpile Funds.—During fiscal year 2006, the National Defense Stockpile Manager may obligate up to \$52,132,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) Additional Obligations.—The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) Limitations.—The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3302. REVISIONS TO REQUIRED RECEIPT OBJECTIVES FOR

PREVIOUSLY AUTHORIZED DISPOSALS FROM NATIONAL DEFENSE STOCKPILE.

(a) Disposal Authority.—Section 3303(a) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261; 50 U.S.C. 98d note), as amended by section 3302 of the Ronald W. Reagan National Defense Authorization Act for Year 2005 (Public Law 108-375; 118 Stat. 2193), is amended—

(1) by striking “and” at the end of paragraph (4); and

(2) by striking paragraph (5) and inserting the following new paragraphs:

“(5) \$900,000,000 by the end of fiscal year 2011; and

“(6) \$1,000,000,000 by the end of fiscal year 2013.”.

(b) Additional Disposal Authority.—Section 3402(b) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65; 50 U.S.C. 98d note), as amended by section 3302 of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136; 117 Stat. 1788), is amended—

(1) by striking “and” at the end of paragraph (3); and

(2) by striking paragraph (4) and inserting the following new paragraphs:

“(4) \$500,000,000 before the end of fiscal year 2011; and

“(5) \$600,000,000 before the end of fiscal year 2013.”

SEC. 3303. AUTHORIZATION FOR DISPOSAL OF TUNGSTEN ORES AND CONCENTRATES.

(a) Disposal Authorized.—The President may dispose of up to 8,000,000 pounds of contained tungsten in the form of tungsten ores and concentrates from the National Defense Stockpile in fiscal year 2006.

(b) Certain Sales Authorized.—The tungsten ores and concentrates disposed under subsection (a) may be sold to entities with ore conversion or tungsten carbide manufacturing or processing capabilities in the United States.

SEC. 3304. DISPOSAL OF FERROMANGANESE.

(a) Disposal Authorized.—The Secretary of Defense may dispose of up to 75,000 tons of ferromanganese from the National Defense Stockpile during fiscal year 2006.

(b) Contingent Authority for Additional Disposal.—If the Secretary of Defense completes the disposal of the total quantity of ferromanganese authorized for disposal by subsection (a) before September 30, 2006, the Secretary of Defense may dispose of up to an additional 25,000 tons of ferromanganese from the National Defense Stockpile before that date.

(c) Certification.—The Secretary of Defense may dispose of ferromanganese under the authority of

subsection (b) only if the Secretary submits written certification to the Committee on Armed Services of the

House of Representatives, not later than 30 days before the commencement of disposal, that—

(1) the disposal of the additional ferromanganese from the National Defense Stockpile is in the interest of national defense;

(2) the disposal of the additional ferromanganese will not cause undue disruption to the usual markets of producers and processors of ferromanganese in the United States; and

(3) the disposal of the additional ferromanganese is consistent with the requirements and purpose of the National Defense Stockpile.

(d) Delegation of Responsibility.—The Secretary of Defense may delegate the responsibility of the Secretary under subsection (c) to an appropriate official within the Department of Defense.

(e) National Defense Stockpile Defined.—In this section, the term “National Defense Stockpile” means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

Congressional Report Excerpt

Sale of Strategic and Critical Materials

The National Defense Stockpile (NDS) operates under the authority of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98, et seq.). The Act mandates that a stockpile of strategic and critical materials be maintained to decrease, and preclude, when possible, dependence on foreign sources of supply in times of national emergency. The Defense National Stockpile Center, a field activity of the Defense Logistics Agency, conducts the sale of strategic and critical materials in the NDS. Over 95 percent the materials currently in the NDS

have been determined to be excess to Department of Defense (DOD) needs and are now being disposed of. As a result of recent market conditions, particularly with respect to titanium, and the increasing reliance on foreign sources of supply for defense programs, the committee has concerns about the the DOD’s ability to ensure the timely availability of materials to meet the current needs of the military services. The committee directs the Secretary to review the DOD’s current policy to dispose of material and determine whether the NDS should be re-configured to adapt to current world market conditions to ensure future

availability of materials required for defense needs. The committee directs the Secretary to report to the Senate Committee on Armed Services and the House Committee on Armed Services by March 1, 2006, on the findings and conclusions.

RONALD W. REAGAN NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2005

Public Law 108-375

TITLE XXXIII--NATIONAL DEFENSE STOCKPILE

Sec. 3301. Authorized uses of National Defense Stockpile funds.

Sec. 3302. Revision of earlier authority to dispose of certain materials in National Defense Stockpile.

Sec. 3303. Disposal of ferromanganese.

Sec. 3304. Prohibition on storage of mercury at certain facilities.

SEC. 3301. AUTHORIZED USES OF NATIONAL DEFENSE STOCKPILE FUNDS.

(a) **OBLIGATION OF STOCKPILE FUNDS-** During fiscal year 2005, the National Defense Stockpile Manager may obligate up to \$59,700,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) **ADDITIONAL OBLIGATIONS-** The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) **LIMITATIONS-** The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3302. REVISION OF EARLIER AUTHORITY TO DISPOSE OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE.

Section 3303(a) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261; 50 U.S.C. 98d note) is amended by striking paragraphs (4) and (5) and inserting the following new paragraphs:

“(4) \$785,000,000 by the end of fiscal year 2005; and

“(5) \$870,000,000 by the end of fiscal year 2010.”.

SEC. 3303. DISPOSAL OF FERROMANGANESE.

(a) **DISPOSAL AUTHORIZED-** The Secretary of Defense may dispose of up to 50,000 tons of ferromanganese from the National Defense Stockpile during fiscal year 2005.

(b) **CONTINGENT AUTHORITY FOR
ADDITIONAL DISPOSAL-** (1) If the Secretary of Defense completes the disposal of the total quantity of ferromanganese authorized for disposal by subsection (a) before September 30, 2005, the Secretary of Defense may dispose of up to an additional 25,000 tons of ferromanganese from the National Defense Stockpile before that date.

(2) If the Secretary completes the disposal of the total quantity of additional ferromanganese authorized for disposal by paragraph (1) before September 30, 2005, the Secretary may dispose of up to an additional 25,000 tons of ferromanganese from the National Defense Stockpile before that date.

(c) **CERTIFICATION-** The Secretary of Defense may dispose of ferromanganese under the authority of paragraph (1) or (2) of subsection (b) only if the Secretary submits written certification to the Committee on Armed Services of the Senate and the

Committee on Armed Services of the House of Representatives, not later than 30 days before the commencement of disposal under the applicable paragraph, that--

(1) the disposal of the additional ferromanganese from the National Defense Stockpile is in the interest of national defense;

(2) the disposal of the additional ferromanganese will not cause undue disruption to the usual markets of producers and processors of ferromanganese in the United States; and

(3) the disposal of the additional ferromanganese is consistent with the requirements and purpose of the National Defense Stockpile.

(d) **DELEGATION OF RESPONSIBILITY-** The Secretary of Defense may delegate the responsibility of the Secretary under subsection (c) to an appropriate official within the Department of Defense.

(e) **NATIONAL DEFENSE STOCKPILE DEFINED-** In this section, the term 'National Defense Stockpile' means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

SEC. 3304. PROHIBITION ON STORAGE OF MERCURY AT CERTAIN FACILITIES.

(a) **PROHIBITION-** During fiscal year 2005, the Secretary of Defense may not store mercury from the National Defense Stockpile at any facility that is not owned or leased by the United States.

(b) **NATIONAL DEFENSE STOCKPILE DEFINED-** In this section, the term 'National Defense Stockpile' means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2004 Public Law 108-136

TITLE XXXIII -- NATIONAL DEFENSE STOCKPILE

Sec. 3301. Authorized uses of National Defense Stockpile funds

Sec. 3302. Revisions to required receipt objectives for previously authorized disposals from National Defense Stockpile.

SEC. 3301. AUTHORIZED USES OF NATIONAL DEFENSE STOCKPILE FUNDS.

(a) **OBLIGATION OF STOCKPILE FUNDS** - During fiscal year 2004, the National Defense Stockpile Manager may obligate up to \$69,701,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) **ADDITIONAL OBLIGATIONS** - The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) **LIMITATIONS** - The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3302. REVISIONS TO REQUIRED RECEIPT OBJECTIVES PREVIOUSLY AUTHORIZED DISPOSALS FROM NATIONAL DEFENSE STOCKPILE.

Section 3402 of the National Defense Authorization Act for fiscal Year 2000 (Public Law 106-65; 113 Stat. 972; 50 U.S.C. 98d note) is amended --

(1) in subsection (b) --

(A) by striking “and” at the end of paragraph (2); and

(B) by striking paragraph (3) and inserting the following new paragraphs:

“(3) \$340,000,000 before the end of fiscal year 2005; and

“(4) \$450,000,000 before the end of fiscal year 2013.”; and

(2) in subsection (e), by adding at the end the following new sentence: “The disposal of materials under this section to achieve the receipt levels specified in subsection (b), within the time periods specified in subsection, shall be in addition to any routine and on- going disposals used to fund operations of the National Defense Stockpile.

CONSOLIDATED APPROPRIATIONS ACT, 2004

Public Law 108-199

SEC. 113.

(a) The Secretary of Defense shall study issues related to the consolidation of the storage of mercury contained in the National Defense Stockpile under the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.) and report to Congress on June 1, 2004, on the results of

the study.

(b) A decision to consolidate the storage of mercury to a site that currently does not store mercury contained in the National Defense Stockpile under the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.) shall occur no earlier than 180 days after the date of the report required in subsection (a).

BOB STUMP NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2003 Public Law 107-314

TITLE XXXIII -- NATIONAL DEFENSE STOCKPILE

Sec. 3301. Authorized uses of National Defense Stockpile funds.

SEC. 3301. AUTHORIZED USES OF NATIONAL DEFENSE STOCKPILE FUNDS.

(a) **OBLIGATION OF STOCKPILE FUNDS** - During fiscal year 2003, the National Defense Stockpile Manager may obligate up to \$76,400,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under

subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) **ADDITIONAL OBLIGATIONS** - The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) **LIMITATIONS** - The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2002 Public Law 107-107

TITLE XXXIII—NATIONAL DEFENSE STOCKPILE

Sec. 3301. Definitions.

Sec. 3302. Authorized uses of stockpile funds.

Sec. 3303. Authority to dispose of certain materials in National Defense Stockpile.

Sec. 3304. Revision of limitations on required disposals of certain materials in National Defense Stockpile.

Sec. 3305. Acceleration of required disposal of cobalt in National Defense Stockpile.

Sec. 3306. Restriction on disposal of manganese ferro.

SEC. 3301. DEFINITIONS.

In this title:

(1) The term “National Defense Stockpile” means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

(2) The term “National Defense Stockpile Transaction Fund” means the fund established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

(3) The term “Market Impact Committee” means the Market Impact Committee appointed under section 10(c) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h–1(c)).

SEC. 3302. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) OBLIGATION OF STOCKPILE FUNDS.—During fiscal year 2002, the National Defense Stockpile Manager may obligate up to \$65,200,000 of the funds in the National Defense Stockpile Transaction Fund for the authorized uses of such funds under section 9(b)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(b)(2)), including the disposal of hazardous materials that are environmentally sensitive.

(b) ADDITIONAL OBLIGATIONS.—The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) LIMITATIONS.—The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3303. AUTHORITY TO DISPOSE OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE.

(a) DISPOSAL AUTHORIZED.—Subject to the conditions specified in subsection (b), the President may dispose of obsolete and excess materials contained in the National Defense Stockpile. The materials subject to disposal under this subsection and the quantity of each material authorized to be disposed of by the President are set forth in the following table:

Authorized Stockpile Disposals

<u>Material for disposal</u>	<u>Quantity</u>
Bauxite	40,000 short tons
Chromium Metal	3,512 short tons
Iridium.....	25,140 troy ounces
Jewel Bearings.....	30,273,221 pieces
Manganese Ferro HC.....	209,074 short tons
Palladium.....	11 troy ounces
Quartz Crystal	216,648 pounds
Tantalum Metal Ingot.....	120,228 pounds contained
Tantalum Metal Powder	36,020 pounds contained
Thorium Nitrate.....	600,000 pounds

(b) MINIMIZATION OF DISRUPTION AND LOSS.— The President may not dispose of materials under subsection (a) to the extent that the disposal will result in—

(1) undue disruption of the usual markets of producers, processors, and consumers of the materials proposed for disposal; or

(2) avoidable loss to the United States.

(c) RELATIONSHIP TO OTHER DISPOSAL AUTHORITY.—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding the materials specified in such subsection.

SEC. 3304. REVISION OF LIMITATIONS ON REQUIRED DISPOSALS OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE.

(a) PUBLIC LAW 105–261.—Section 3303 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261; 50 U.S.C. 98d note) is amended—

(1) in subsection (a)—

(A) by striking “the amount of—” and inserting “total amounts not less than—”;

(B) by striking “and” at the end of paragraph (3); and

(C) by striking paragraph (4) and inserting the following new paragraphs:

“(4) \$760,000,000 by the end of fiscal year 2005; and

“(5) \$770,000,000 by the end of fiscal year 2011.”; and

(2) in subsection (b)(2), by striking “receipts in the amounts specified in subsection (a)” and inserting “receipts in the total amount specified in subsection (a)(5)”.

(b) PUBLIC LAW 105–85.—Section 3305 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105–85; 50 U.S.C. 98d note) is amended—

(1) in subsection (a), by striking “amounts equal to—” and inserting “total amounts not less than—”; and

(2) in subsection (b), by striking paragraph (2) and inserting the following new paragraph:

“(2) The President may not dispose of cobalt under this section in fiscal year 2006 in excess of the disposals necessary to result in receipts during that fiscal year in the total amount specified in subsection (a)(5).”.

(c) PUBLIC LAW 104–201.—Section 3303 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 50 U.S.C. 98d note) is amended—

(1) in subsection (a), by striking “amounts equal to—” and inserting “total amounts not less than—”; and

(2) in subsection (b), by striking paragraph (2) and inserting the following new paragraph:

“(2) The President may not dispose of materials under this section during the 10-fiscal year period referred to in subsection (a)(2) in excess of the disposals necessary to result in receipts during that period in the total amount specified in such subsection.”.

SEC. 3305. ACCELERATION OF REQUIRED DISPOSAL OF COBALT IN NATIONAL DEFENSE STOCKPILE.

Section 3305(a) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105–85; 50 U.S.C. 98d note), as amended by section 3304(b) of this Act, is amended—

(1) in paragraph (1), by striking “2003” and inserting “2002”;

(2) in paragraph (2), by striking “2004” and inserting “2003”;

(3) in paragraph (3), by striking “2005” and inserting “2004”;

(4) in paragraph (4), by striking “2006” and inserting “2005”; and

(5) in paragraph (5), by striking “2007” and inserting “2006”.

SEC. 3306. RESTRICTION ON DISPOSAL OF MANGANESE FERRO.

(a) TEMPORARY QUANTITY RESTRICTIONS.—During fiscal years 2002 through 2005, the disposal of manganese ferro in the National Defense Stockpile may not exceed the following quantities:

(1) During fiscal year 2002, 25,000 short tons of all grades of manganese ferro.

(2) During fiscal year 2003, 25,000 short tons of high carbon manganese ferro of the highest grade.

(3) During each of the fiscal years 2004 and 2005, 50,000 short tons of high carbon manganese ferro of the highest grade.

(b) CONFORMING AMENDMENT.—Section 3304 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 629) is repealed.

FLOYD D. SPENCE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2001

Public Law 106-398

TITLE XXXIII-NATIONAL DEFENSE STOCKPILE

Sec. 3301. Authorized users of stockpile funds.

Sec. 3302. Increased receipts under prior disposal authority.

Sec. 3303. Disposal of titanium.

SEC. 3301. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) **OBLIGATION OF STOCKPILE FUNDS.**-During fiscal year 2001, the National Defense Stockpile Manager may obligate up to \$71,000,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) **ADDITIONAL OBLIGATIONS.** -The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) **LIMITATIONS.** -The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3302. INCREASED RECEIPTS UNDER PRIOR DISPOSAL AUTHORITY.

Section 3303(a)(4) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261; 112 Stat. 2263; 50 U.S.C. 98d note) is

amended by striking “\$590,000,000” and inserting “\$720,000,000”.

SEC. 3303. DISPOSAL OF TITANIUM.

(a) **DISPOSAL REQUIRED.** -- Notwithstanding any other provision of law, the President shall, by September 30, 2011, dispose of 30,000 short tons of titanium contained in the National Defense Stockpile.

(b) **TREATMENT OF RECEIPTS.** -- Notwithstanding section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h), of the funds received as a result of the disposal of titanium under subsection (a), \$6,000,000 shall be transferred to the American Battle Monuments Commission for deposit in the fund established under section 2113 of title 36, United States Code, for the World War II memorial authorized by section 1 of Public Law 103-32 (107 Stat. 90), and the remainder shall be deposited into the Treasury as miscellaneous receipts.

(c) **WORLD WAR II MEMORIAL.** -

(1) The amount transferred to the American Battle Monuments Commission under subsection (b) shall be used to complete all necessary requirements for the design of, ground breaking for, construction of, maintenance of, and dedication of the World War II memorial. The Commission shall determine how the amount shall be apportioned among such purposes.

(2) Any funds not necessary for the purposes set forth in paragraph (1) shall be transferred to and deposited in the general fund of the Treasury.

(d) **RELATIONSHIP TO OTHER DISPOSAL AUTHORITY.** -The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2001

Public Law 106-259

Title II authorizes \$150 million to be transferred from the National Defense Stockpile Transaction Fund to the Operation and Maintenance Accounts of the Army, Navy, and Air Force (\$50 million each).

Section 8157. The Secretary of Defense may transfer, at

no cost, the title/ownership of the alloying material being stored at the Brownfield site in Bethlehem, Pennsylvania to the Bethlehem Development Corporation: Provided, That the net proceeds from the disposition of the materials are only for the redevelopment of the Brownfield site.

NATIONAL DEFENSE AUTHORIZATION ACT

FOR FISCAL YEAR 2000

Public Law 106-65

TITLE XXXIV--NATIONAL DEFENSE STOCKPILE

Sec. 3401. Authorized uses of stockpile funds.

Sec. 3402. Disposal of certain materials in National Defense Stockpile.

Sec. 3403. Limitationson previous authority for disposal of stockpile materials.

SEC. 3401. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) Obligation of Stockpile Funds. -- During fiscal year 2000, the National Defense Stockpile Manager may obligate up to \$78,700,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) Additional Obligations. -- The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) Limitations. -- The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3402. DISPOSAL OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE.

(a) Disposal Required. -- Subject to subsection (c), the President shall make disposals from the National

Defense Stockpile of materials in quantities as follows:

- (1) Beryllium metal, 250 short tons.
- (2) Chromium ferro alloy, 496,204 short tons.
- (3) Chromium metal, 5,000 short tons.
- (4) Palladium, 497,271 troy ounces.

(b) Management of Disposal to Achieve Objectives for Receipts. -- The President shall manage the disposal of materials under subsection (a) so as to result in receipts to the United States in amounts equal to -

- (1) \$10,000,000 during fiscal year 2000;
- (2) \$100,000,000 during the 5-fiscal year period ending September 30, 2004;
- (3) \$300,000,000 during the 10-fiscal year period ending September 30, 2010.

(c) Minimization of Disruption and Loss.--The President may not dispose of the material under subsection (a) to the extent that the disposal will result in -

- (1) undue disruption of the usual markets of producers, processors, and consumers of the materials proposed for disposal; or
- (2) avoidable loss to the United States.

(d) Disposition of Receipts.--Notwithstanding section 9 of the Strategic and critical Materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of materials under subsection (a) shall be deposited into the general fund of the Treasury.

(e) Relationship to Other Disposal Authority.--The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding the materials specified in such subsection.

(f) Increased Receipts Under Prior Disposal Authority. -

- (1) Section 3303(a)(2) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-

201; 110 Stat 2855; 50 U.S.C. 98d note) is amended by striking “\$612,000,000” and inserting “\$720,000,000”.

(2) Section 3305(a) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 111 Stat 2057; 50 U.S.C. 98d note) is amended -

(A) in paragraph (2), by striking “\$30,000,000” and inserting “\$50,000,000”;

(B) in paragraph (3), by striking “\$34,000,000” and inserting “\$64,000,000”; and

(C) in paragraph (4), by striking “\$34,000,000” and inserting “\$67,000,000”.

(g) Elimination of Disposal Restrictions on Earlier Disposal Authority. -- Section 3303 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat. 629) is repealed.

SEC. 3403. LIMITATIONS ON PREVIOUS AUTHORITY FOR DISPOSAL OF STOCKPILE MATERIALS.

(a) Public Law 105-261 Authority. - Section 3303(b) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261; 112 Stat. 2263; 50 U.S.C. 98d note) is amended -

(1) by striking “(b) LIMITATION ON DISPOSAL QUANTITY. - ” and inserting “(b) LIMITATIONS ON DISPOSAL AUTHORITY.--(1)”; and

(2) by adding at the end the following:

“(2) The President may not dispose of materials under this section in excess of the disposals necessary to result in receipts in the amounts specified in subsection (a).”.

(b) Public Law 105-85 Authority.--Section 3305(b) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 111 Stat. 2058; 50 U.S.C. 98d note) is amended--

(1) by striking “(b) LIMITATION ON DISPOSAL QUANTITY. - ” and inserting “(b) LIMITATIONS ON DISPOSAL AUTHORITY.--(1)”; and

(2) by adding at the end the following:

“(2) The President may not dispose of cobalt under this section in excess of the disposals necessary to result in receipts in the amounts specified in subsection (a).”.

(c) Public Law 104-201 Authority.--Section 3303(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2855; 50 U.S.C. 98d note) is amended -

(1) by striking “(b) LIMITATION ON DISPOSAL QUANTITY.--” and inserting “(b) LIMITATIONS ON DISPOSAL AUTHORITY.--(1)”; and

(2) by adding at the end the following:

“(2) The President may not dispose of materials under this section in excess of the disposals necessary to result in receipts in the amounts specified in subsection (a).”.

**DEPARTMENT OF DEFENSE APPROPRIATIONS ACT,
2000
Public Law 106 -79**

Title II authorizes \$150 million to be transferred from the National Defense Stockpile Transaction Fund to the Operation and Maintenance Accounts of the Army, Navy, and Air Force (\$50 million each).

STROM THURMOND NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1999

Public Law 105-261

TITLE XXXIII--NATIONAL DEFENSE STOCKPILE

Sec. 3301. Definitions

Sec. 3302. Authorized uses of stockpile funds.

Sec. 3303. Authority to dispose of certain materials in National Defense Stockpile.

Sec. 3304. Use of stockpile funds for certain environmental remediation, restoration, waste management, and compliance activities.

SEC. 3301. DEFINITIONS.

In this title:

(1) The term “National Defense Stockpile” means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

(2) The term “National Defense Stockpile Transaction Fund” means the fund in the Treasury of the United States established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

SEC. 3302. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) **Obligation of Stockpile Funds.** - During fiscal year 1999, the National Defense Stockpile Manager may obligate up to \$83,000,000 of the funds in the National Defense Stockpile Transaction Fund for the authorized uses of such funds under section 9(b)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(b)(2)), including the disposal of hazardous materials that are environmentally sensitive.

(b) **Additional Obligations.** - The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) **Limitations.** - The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3303. AUTHORITY TO DISPOSE

OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE

(a) **Disposal Required**—Subject to subsection (c), the President shall dispose of materials contained in the national Defense Stockpile and specified in the table in subsection (b) so as to result in receipts to the United States in total amounts not less than –

- (1) \$105,000,000 by the end of fiscal year 1999;
- (2) \$460,000,000 by the end of fiscal year 2002;
- (3) \$555,000,000 by the end of fiscal year 2003; and
- (4) \$590,000,000 by the end of fiscal year 2005.

(b) **Limitation on Disposal Authority.**—The total quantities of materials authorized for disposal by the President under subsection (a) may not exceed the amounts set forth in the following table:

Authorized Stockpile Disposal

Material for disposal	Quantity
Bauxite Refractory	29,000 long calcined ton
Beryllium Metal	100 short tons
Chromite Chemical	34,000 short dry tons
Chromite Refractory.....	159,000 short dry tons
Chromium Ferroalloy.....	125,000 short tons
Columbium Carbide Powder	21,372 pounds of
.....	contained Columbium
Columbium Concentrates	1,733,454 pounds of
.....	contained Columbium
Columbium Ferro	249,396 pounds of
.....	contained Columbium
Columbium Metal Ingots.....	161,123 pounds of
.....	contained Columbium
Diamond, Stones	3,000,000 carats
Germanium Metal	28,198 kilograms
Graphite Natural Ceylon Lump	5,492 short tons
Indium	14,248 troy ounces
Mica Muscovite Block	301,000 pounds
Mica Phlogopite Bloc.....	130,745 pounds
Platinum	439,887 troy ounces
Platinum—Iridium	4,450 troy ounces
Platinum—Palladium	750,000 troy ounces

Tantalum Carbide Powder22,688 pounds of
contained Tantalum
 Tantalum Metal Ingots.....125,000 pounds of
contained Tantalum
 Tantalum Metal Powder125,000 pounds of
contained Tantalum
 Tantalum Minerals.....1,751,364 pounds of
contained Tantalum
 Tantalum Oxide122,730 pounds of
contained Tantalum
 Tungsten Carbide Powder.....2,032,896 pounds of
contained Tungsten
 Tungsten Ferro.....2,024,143 pounds of
contained Tungsten
 Tungsten Metal Powder.....1,898,009 pounds of
contained Tungsten
 Tungsten Ores & Concentrates.....76,358,235 pounds of
contained Tungsten

(c) Minimization of Disruption and Loss.—The President may not dispose of materials under subsection (a) to the extent that the disposal will result in—

(1) undue disruption of the usual markets of producers, processors, and consumers of the materials proposed for disposal; or

(2) avoidable loss to the United States.

(d) Treatment of Receipts.—Notwithstanding section 9 of the Strategic and Critical materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of materials authorized for disposal under subsection (a) shall be treated as follows:

(1) The following amounts shall be transferred to the Secretary of Health and Human Services, to be credited in the manner determined by the Secretary of Health and Human Services, to be credited in the manner determined by the Secretary to the Federal Hospital

Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund:

- (A) \$3,000,000 during Fiscal Year 1999
- (B) \$22,000,000 during Fiscal Year 2000
- (C) \$28,000,000 during Fiscal Year 2001
- (D) \$31,000,000 during Fiscal Year 2002
- (E) \$8,000,000 during Fiscal Year 2003

(2) The balance of the funds received shall be deposited into the general fund of the Treasury.

(e) Relationship to Other Disposal Authority.—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials specified in such subsection.

(f) Authorization of Sale.—The authority provided by this section to dispose of materials contained in the National Defense Stockpile so as to result in receipts of \$100,000,000 of the amount specified for fiscal year 1999 in subsection (a) by the end of that fiscal year shall be effective only to the extent provided in advance in appropriation Acts.

SEC. 3304. USE OF STOCKPILE FUNDS FOR CERTAIN ENVIRONMENTAL REMEDIATION, RESTORATION, WASTE MANAGEMENT, AND COMPLIANCE ACTIVITIES.

Section 9(b)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(b)(2)) is amended—

(1) by redesignating subparagraphs (J) and (K) as subparagraphs (K) and (L) respectively; and

(2) by inserting after subparagraph (I) the following new subparagraph (J):

“(J) Performance of environmental remediation, restoration, waste management, or compliance activities at locations of the stockpile that are required under a Federal law or are undertaken by the government under an administrative decision or negotiated agreement.”.

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT FOR FISCAL YEAR 1999 Public Law 106-31

Sec. 303.

(a) Disposal Authorized. - Subject to subsection (c), the President may dispose of the material in the National Defense Stockpile specified in the table in subsection (b).

(b) Table.- The total quantity of the material authorized for disposal by the President under subsection (a) is as follows:

Authorized Stockpile Disposal	
<u>Material for disposal</u>	<u>Quantity</u>
Zirconium ore	17,383 short dry tons

(c) Minimization of Disruption and Loss.--The President may not dispose of material under subsection (a) to the extent that the disposal will result in-

(1) undue disruption of the usual markets of producers, processors, and consumers of the material proposed for disposal; or

(2) avoidable loss to the United States.

(d) Relationship to Other Disposal Authority.-- in subsection (a) is new disposal authority and is in addition

to, and shall not affect, any other disposal authority provided by law regarding the material specified in such subsection.

(e) National Defense Stockpile Defined.--In this section, the term "National Defense Stockpile Transaction Fund" means the fund in the Treasury of the United States established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

Sec. 304.

Notwithstanding any other provision of law, from funds appropriated by Public Law 105-262, Public Law 105-56, and Public Law 104-208, under the heading "Aircraft Procurement, Air Force", \$50,700,000 is available for recording, adjusting, and liquidating obligations incurred as of the date of this Act for the fiscal years 1995 and 1996 production quantities of Joint Surveillance Target Attack Radar System (JSTARS) aircraft: Provided, That the Secretary of the Air Force shall notify the congressional defense committees of all of the specific sources of funds to be used for the JSTARS obligations and follow normal reprogramming procedures.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998 Public Law 105-85

TITLE XXXIII--NATIONAL DEFENSE STOCKPILE

Sec. 3301. Definitions.

Sec. 3302. Authorized uses of stockpile funds.

Sec. 3303. Disposal of beryllium copper master alloy in National Defense Stockpile.

Sec. 3304. Disposal of titanium sponge in National Defense Stockpile.

Sec. 3305. Disposal of cobalt in National Defense Stockpile.

Sec. 3306. Required procedures for disposal of strategic and critical materials.

Sec. 3307. Return of surplus platinum from the Department of the Treasury.

SEC. 3301. DEFINITIONS.

In this title:

(1) The term “National Defense Stockpile” means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

(2) The term “National Defense Stockpile Transaction Fund” means the fund in the Treasury of the United States established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

(3) The term “Market Impact Committee” means the Market Impact Committee established under section 10(c) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h-1(c)).

SEC. 3302. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) Obligation of Stockpile Funds. - During fiscal year 1998, the National Defense Stockpile Manager may obligate up to \$73,000,000 of the funds in the National Defense Stockpile Transaction Fund for the authorized

uses of such funds under section 9(b)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(b)(2)), including the disposal of hazardous materials that are environmentally sensitive.

(b) Additional Obligations. - The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) Limitations. - The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3303. DISPOSAL OF BERYLLIUM COPPER MASTER ALLOY IN NATIONAL DEFENSE STOCKPILE.

(a) Disposal Authorization.—Pursuant to section 5(b) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98d(b)), the National Defense Stockpile Manager may dispose of all beryllium copper master alloy from the National Defense Stockpile as part of continued efforts to modernize the stockpile.

(b) Precondition for Disposal.—Before beginning the disposal of beryllium copper master alloy under subsection (a), the National Defense Stockpile Manager shall certify to Congress that the disposal of beryllium copper master alloy will not adversely affect the capability of the National Defense Stockpile to supply the strategic and critical material needs of the United States.

(c) Consultation With Market Impact Committee.—In disposing of beryllium copper master alloy under subsection (a), the National Defense Stockpile Manager

shall consult with the Market Impact Committee to ensure that the disposal of beryllium copper master alloy does not disrupt the domestic beryllium industry.

(d) **Extended Sales Contracts.**—The National Defense Stockpile Manager shall provide for the use of long-term sales contracts for the disposal of beryllium copper master alloy under subsection (a) so that the domestic beryllium industry can re-absorb this material into the market in a gradual and nondisruptive manner. However, no such contract shall provide for the disposal of beryllium copper master alloy over a period longer than eight years, beginning on the date of the commencement of the first contract under this section.

(e) **Relationship to Other Disposal Authority.**—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

(f) **Beryllium Copper Master Alloy Defined.**—For purposes of this section, the term “beryllium copper master alloy” means an alloy of nominally four percent beryllium in copper.

SEC. 3304. DISPOSAL OF TITANIUM SPONGE IN NATIONAL DEFENSE STOCKPILE.

(a) **Disposal Required.**—Subject to subsection (b), the National Defense Stockpile Manager shall dispose of 34,800 short tons of titanium sponge contained in the National Defense Stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c) and excess to stockpile requirements.

(b) **Consultation With Market Impact Committee.**—In disposing of titanium sponge under subsection (a), the National Defense Stockpile Manager shall consult with the Market Impact Committee to ensure that the disposal of titanium sponge does not disrupt the domestic titanium industry.

(c) **Relationship to Other Disposal Authority.** The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

SEC. 3305. DISPOSAL OF COBALT IN NATIONAL DEFENSE STOCKPILE.

(a) **Disposal Required.** -- Subject to subsections (b) and (c), the President shall dispose of cobalt contained in the National Defense Stockpile so as to result in receipts to the United States in amounts equal to --

- (1) \$20,000,000 during fiscal year 2003;
- (2) **\$30,000,000** during fiscal year 2004;
- (3) **\$34,000,000** during fiscal year 2005;
- (4) **\$34,000,000** during fiscal year 2006; and
- (5) \$34,000,000 during fiscal year 2007.

(b) **Limitation on Disposal Authority.** — The total quantity of cobalt authorized for disposal by the President under subsection (a) may not exceed 14,058,014 pounds.

(c) **Minimization of Disruption and Loss.** The President may not dispose of cobalt under subsection (a) to the extent that the disposal will result in—

- (1) undue disruption of the usual markets of producers, processors, and consumers of cobalt; or
- (2) avoidable loss to the United States.

(d) **Treatment of Receipts.** Notwithstanding section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of cobalt under subsection (a) shall be deposited into the general fund of the Treasury.

(e) **Relationship to Other Disposal Authority.** The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

SEC. 3306. REQUIRED PROCEDURES FOR DISPOSAL OF STRATEGIC AND CRITICAL MATERIALS.

Section 6(b) of the Strategic and Critical Materials Stockpiling Act (50 U.S.C. 98e(b)) is amended in the first sentence by striking out “materials from the stockpile shall be made by formal advertising or competitive negotiation procedures.” and inserting in lieu thereof “strategic and critical materials from the

stockpile shall be made in accordance with the next sentence.”.

SEC. 3307. RETURN OF SURPLUS PLATINUM FROM THE DEPARTMENT OF THE TREASURY.

(a) Return of Platinum to Stockpile. Subject to subsection (b), the Secretary of the Treasury, upon the request of the Secretary of Defense, shall return to the Secretary of Defense for sale or other disposition platinum of the National Defense Stockpile that has been loaned to the Department of the Treasury by the Secretary of Defense, acting as the stockpile manager. The quantity requested and required to be returned shall be any quantity that the Secretary of Defense determines appropriate for sale or other disposition.

(b) Alternative Transfer of Funds. The Secretary of the Treasury, with the concurrence of the Secretary of

Defense, may transfer to the Secretary of Defense funds in a total amount that is equal to the fair market value of any platinum requested under subsection (a) and not returned. A transfer of funds under this subsection shall be a substitute for a return of platinum under subsection (a). Upon a transfer of funds as a substitute for a return of platinum, the platinum shall cease to be part of the National Defense Stockpile. A transfer of funds under this subsection shall be charged to any appropriation for the Department of the Treasury and shall be credited to the National Defense Stockpile Transaction Fund.

(c) Responsibility for Costs. The return of platinum under subsection (a) by the Secretary of the Treasury shall be made without the expenditure of any funds available to the Department of Defense. The Secretary of the Treasury shall be responsible for all costs incurred in connection with the return, such as transportation, storage, testing, refining, or casting costs.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997 Public Law 104-201

TITLE XXXIII – NATIONAL DEFENSE STOCKPILE

Subtitle A – Authorization of Disposals and Use of Funds

Sec. 3301. Definitions

Sec. 3302. Authorized uses of stockpile funds.

Sec. 3303. Disposal of certain materials in National Defense Stockpile.

Subtitle B – Programmatic Change

Sec. 3311. Biennial report on stockpile requirements.

Sec. 3312. Notification Requirements.

Sec. 3313. Importation of strategic and critical materials.

SUBTITLE A – AUTHORIZATION OF DISPOSALS AND USE OF FUNDS.

SEC. 3301. DEFINITIONS.

In this title:

(1) The term “National Defense Stockpile” means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

(2) The term “National Defense Stockpile Transaction Fund” means the fund in the Treasury of the United States established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

SEC. 3302. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) **OBLIGATION OF STOCKPILE FUNDS.** – During fiscal year 1997, the National Defense Stockpile Manager may obligate up to \$60,000,000 of the funds in the National Defense Stockpile Transaction Fund for authorized uses of such funds under section 9(b)(2)).

(b) **ADDITIONAL OBLIGATIONS.** – The National Defense Stockpile Manager may obligate amounts in

excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date Congress receives the notification.

(c) **LIMITATIONS.** – The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3303. DISPOSAL OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE.

(a) **DISPOSAL REQUIRED.** – Subject to subsection (c), the President shall dispose of materials contained in the National Defense Stockpile and specified in the table in subsection (b) so as to result in receipts to the United States in amounts equal to –

(1) \$81,000,000 during fiscal year 1997; and

(2) \$612,000,000 during the ten-fiscal year period ending September 30, 2006.

(b) **LIMITATION ON DISPOSAL QUANTITY** – The total quantities of materials authorized for disposal by the President under subsection (a) may not exceed the amounts set forth in the following table:

Authorized Stockpile Disposals	
<u>Material for disposal</u>	<u>Quantity</u>
Aluminum	62,881 short tons
Cobalt	26,000,000 pounds contained
Columbium Ferro	930,911 pounds contained
Germanium Metal	40,000 kilograms
Indium	35,000 troy ounces

Palladium..... 15,000 troy ounces
 Platinum..... 10,000 troy ounces
 Rubber, Natural 125,138 long tons
 Tantalum, Carbide Powder 6,000 pounds contained
 Tantalum, Minerals..... 750,000 pounds contained
 Tantalum, Oxide 40,000 pounds contained

(c) MINIMIZATION OF DISRUPTION AND LOSS. –
 The President may not dispose of materials under
 subsection (a) to the extent that the disposal will result in
 –

(1) undue disruption of the usual markets of
 producers, processors, and consumers of the materials
 proposed for disposal; or

(2) avoidable loss to the United States.

(d) TREATMENT OF RECEIPTS. – Notwithstanding
 section 9 of the Strategic and Critical Materials Stock
 Piling Act (50 U.S.C. 98h), funds received as a result of
 the disposal of materials under subsection (a) shall be–

(1) deposited into the general fund of the Treasury;
 and

(2) to the extent necessary, used to offset the revenues
 that will be lost as a result of execution of the
 amendments made by section 4303(a) of the National
 Defense Authorization Act for Fiscal Year 1996 (Public
 Law 104-106; 110 Stat. 658).

(e) QUALIFYING OFFSETTING LEGISLATION. –
 This section is specifically enacted as qualifying
 offsetting legislation for the purpose of offsetting fully
 the estimated revenues lost as a result of the amendments
 made by subsection (a) of section 4303 of the National
 Defense Authorization Act for Fiscal Year 1996 (Public
 Law 104-106; 110 Stat. 658), and as such is deemed to
 satisfy the conditions in subsection (b) of such section.

(f) RELATIONSHIP TO OTHER DISPOSAL
 AUTHORITY – The disposal authority provided in
 subsection (a) is new disposal authority and in addition
 to, and shall not affect, any other disposal authority
 provided by law regarding the materials specified in such
 subsection.

SUBTITLE B – PROGRAMMATIC

CHANGE

SEC. 3311. BIENNIAL REPORT ON STOCKPILE REQUIREMENTS.

(a) NATIONAL EMERGENCY PLANNING
 ASSUMPTIONS. – Section 14 of the Strategic and
 Critical Materials Stock Piling Act (50 U.S.C. 98h-5) is
 amended –

(1) by redesignating subsection (c) as subsection (e);
 and

(2) by striking out subsection (b) and inserting in lieu
 thereof the following new subsection:

“(b) Each report under this section shall set forth the
 national emergency planning assumptions used by the
 Secretary in making the Secretary’s recommendations
 under subsection (a)(1) with respect to stockpile
 requirements. The Secretary shall base the national
 emergency planning assumptions on a military conflict
 scenario consistent with the scenario used by the
 Secretary in budgeting and defense planning purposes.
 The assumption to be set forth include assumptions
 relating to each of the following:

“(1) The length and intensity of the assumed military
 conflict.

“(2) The military force structure to be mobilized.

“(3) The losses anticipated from enemy action.

“(4) The military, industrial, and essential civilian
 requirements to support the national emergency.

“(5) The availability of supplies of strategic and
 critical materials from foreign sources during the
 mobilization period, the military conflict, and the
 subsequent period of replenishment, taking into
 consideration possible shipping losses.

“(6) The domestic production of strategic and critical
 materials during the mobilization period, the military
 conflict, and the subsequent period of replenishment,
 taking into consideration possible shipping losses.

“(7) Civilian austerity measures required during the
 mobilization period and military conflict.

“(c) The stockpile requirements shall be based on those
 strategic and critical materials necessary for the United

States to replenish or replace, within three years of the end of the military conflict scenario required under subsection (b), all munitions, combat support items, and weapons systems that would be required after such a military conflict.

“(d) The Secretary shall also include in each report under this section an examination of the effect that alternative mobilization periods under the military conflict scenario required under subsection (b), as well as a range of other military conflict scenarios addressing potentially more serious threats to national security, would have on the Secretary’s recommendations under subsection (a)(1) with respect to stockpile requirements.”.

(b) CONFORMING AMENDMENT. – Section 2 of such Act (50 U.S.C. 98a) is amended by striking out subsection (c) and inserting in lieu thereof the following new subsection:

“(c) The purpose of the National Defense Stockpile is to serve the interest of national defense only. The National Defense Stockpile is not to be used for economic or budgetary purposes.”

(c) EFFECTIVE DATE. – The amendments made by this section shall take effect on October 1, 1996.

SEC. 3312. NOTIFICATION REQUIREMENTS.

(a) PROPOSED CHANGES IN STOCKPILE

QUANTITIES. – Section 3(c)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b(c)(2) is amended –

(1) by striking out “effective on or after the 30th legislative day following” and inserting in lieu thereof “after the end of the 45-day period beginning on”, and

(2) by striking out the last sentence.

(b) WAIVER OF ACQUISITION AND DISPOSAL REQUIREMENTS. – Section 6(d)(1) of such Act (50 U.S.C 98e(d)(2) is amended by striking out “thirty days” and inserting in lieu thereof “45 days.”.

(c) TIME TO BEGIN DISPOSAL. – Section 6(d)(2) of such Act (50 U.S.C. 98e(d)(2) is amended by striking out “thirty days” and inserting in lieu thereof “45 days”.

SEC. 3313. IMPORTATION OF STRATEGIC AND CRITICAL MATERIALS.

Section 13 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h-4) is amended-

(1) by striking out “as a Communist-dominated country or area”; and

(2) by striking out “such Communist-dominated countries or areas” and inserting in lieu thereof “a country or area listed in such general note”.

Summary of Specified Programs

Public Law 105-261

<u>Action</u>	<u>Act Title</u>	<u>Public Law</u>	<u>Section</u>	<u>Summary</u>
Established	Strom Thurmond National Defense Authorization Act for Fiscal Year 1999	105-261	3303	\$590 million by 2005
Amended	Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001	106-398	3302	\$720 million by 2005
Amended	National Defense Authorization Act for Fiscal Year 2002	107-107	3304(a)	\$770 million by 2011
Amended	Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005	108-375	3302	\$870 million by 2009
Amended	National Defense Authorization Act for Fiscal Year 2006	109-163	3302(a)	\$1 billion by 2013
Amended	John Warner National Defense Authorization Act for Fiscal Year 2007	109-364	3302(a)	\$1.016 billion by 2014

Amended	National Defense Authorization Act for Fiscal Year 2008	110-181	1412(b)	\$1.066 billion by 2015
Amended	Duncan Hunter National Defense Authorization Act for Fiscal Year 2009	110-417	1412(a)	\$1.386 billion by 2016

Public Law 106-65

<u>Action</u>	<u>Act Title</u>	<u>Public Law</u>	<u>Section</u>	<u>Summary</u>
Established	National Defense Authorization Act for Fiscal Year 2000	106-65	3402	\$300 million by 2009
Amended	National Defense Authorization Act for Fiscal Year 2004	108-136	3302	\$450 million by 2013
Amended	National Defense Authorization Act for Fiscal Year 2006	109-163	3302(b)	\$500 million by 2010; \$600 million by 2013
Amended	National Defense Authorization Act for Fiscal Year 2008	110-181	1412(a)	\$500 million by 2010, \$710 million by 2013
Amended	Ike Skelton National Defense Authorization Act for Fiscal Year 2011	111-383	1412	\$730 million by 2013
Amended	National Defense Authorization Act for Fiscal Year 2012	112-81	1412	\$830 million by 2016

APPENDIX D: ABBREVIATIONS USED IN THIS REPORT

ACC.....Army Contracting Command
 AMP Annual Materials Plan
 ANAD.....Anniston Army Depot
 ARDEC.....
 US Army Armament Research, Development &
 Engineering System
 BOA..... Basic Ordering Agreement
 cm² Square Centimeters
 CZT.....Cadmium Zinc Telluride
 DLA Defense Logistics Agency
 DoD Department of Defense
 DOE.....Department of Energy
 ESOHMS
 Environmental, Safety, and Occupational Health
 Management System
 EPA.....Environmental Protection Agency
 HC..... High Carbon
 HWAD.....Hawthorne Army Depot
 IDAInstitute for Defense Analysis
 kg Kilogram
 LB CbPounds of Contained Columbium

LB Co Pounds of Contained Cobalt
 LB Ta.....Pounds of Contained Tantalum
 LB W Pounds of Contained Tungsten
 LCO Lithium Carbon Oxide
 LNCAO Lithium Nickel Cobalt Aluminum Oxide
 MCMB..... Mesocarbon Microbeads
 MMTS.....Mecruy Mobile Transfer Unit
 NDAA
 National Defense Authorization Act
 NDSNational Defense Stockpile
 NFANo Further Action
 NRC.....Nuclear Regulatory Commission
 OZ.....Ounce
 PADEP
 Pennsylvania Department of Environmental Protection
 SDT Short Dry Ton
 SMART
 Strategic Material Analysis & Reporting Topography
 ST Short Ton
 TATB..... Triamino Trinitrobenzene
 Tr Oz..... Troy Ounce

APPENDIX E: INTERESTED IN DOING BUSINESS WITH DLA STRATEGIC MATERIALS?

EMAIL NOTIFICATION LISTS

Individuals or companies interested in buying from or selling to the DLA Strategic Materials may request to be placed on an email notification list for the material(s) or services they wish to buy or sell by signing up for email notifications on the DLA Strategic Material's Website, www.dla.mil/hq/acquisition/strategicmaterials. DLA Strategic Materials no longer routinely provides copies of solicitations and amendments by mail or facsimile. Requests for sales and acquisitions documents may also be sent to:

DLA Strategic Materials
ATTN: Suite 3229
8725 John J. Kingman Road
Fort Belvoir, VA 22060-6223
Facsimile: (703) 767-5484/767-4074

The DLA Strategic Materials sales program moved to a new website in the Fall of 2013. The address of the new website is: www.strategicmaterialssales.dla.mil.

SALES

Materials are offered for sale when they are excess to the goal, authorized for sale by the U.S. Congress, and are listed on the current fiscal year's Annual Materials Plan. To the extent possible, sales are conducted competitively. DLA Strategic Materials carefully monitors prices and other market conditions to ensure that sales do not unduly disrupt the market and that there is a fair return to the taxpayer. Individuals and companies on the email mailing list for a material being sold automatically receive by email the necessary information in order to submit a quote or offer.

TYPES OF SALES SOLICITATIONS

Negotiated: The solicitation does not determine all the terms and conditions of the final contract: price and other terms are negotiable. Buyers make an initial offer and an award may be made without further discussions or the Government may negotiate terms. Where discussions have taken place, each offeror is asked to submit a "best and final offer" at which point discussions end. Offers are then evaluated and awards are made to responsible offerors whose offers are considered most advantageous to the Government.

Basic Ordering Agreement (BOA): The BOA is a written instrument of understanding that contains a description of the material offered for sale and the terms and conditions negotiated between the contracting officer and the contractor. The terms and conditions will apply to all resulting contracts awarded under the BOA. Under the BOA process, DLA Strategic Materials periodically offers materials for sale based on market and/or customer needs. Customers must pre-qualify by submitting a completed BOA package prior to quoting. Award is based on prices offered, as may be adjusted by special terms negotiated previously. Quotes are submitted through the DLA Strategic Materials website. Submission

of all quotes is only through the website at <https://www.strategicmaterialssales.dla.mil>.

METHODS OF PAYMENT

Payment for stockpile materials is due prior to delivery. Contractors are required to send payment for material by wire transfer only. Submission of a payment for material by any other method will result in delays in releasing the material for shipment.

FINANCIAL EXPOSURE LIMIT

DLA Strategic Materials establishes a financial exposure limit for each contractor seeking to participate in the sale of stockpile materials. Prior to awarding its sales contracts, DLA Strategic Materials establishes a financial exposure limit for a contractor based on financial data provided by the firm. The exposure limit represents the maximum level of outstanding contractual obligations DLA Strategic Materials will allow at one time. If a contractor reaches its financial exposure limit, subsequent sales may cease until the contractor either satisfactorily performs its existing contracts or provides additional information which justifies an increase in the exposure limit.

ACQUISITIONS (PROCUREMENTS)

To the maximum extent possible, DLA Strategic Materials purchases supplies and services competitively. DLA Strategic Materials contracts for the purchase of materials for the National Defense Stockpile, repair and alteration (construction), maintenance, other non-personal services, and supplies for the various Stockpile storage locations across the United States. Notices of solicitations are published on FedBizOpps and GSA E-buy. Firms signed up for these portals will automatically receive notification when solicitations are synopsized or issued.

Most of DLA Strategic Materials' procurements are negotiated. Negotiated procurements involve the submission of initial proposals to the Government in response to a Request for Proposals (or Request for Quotations with a smaller dollar value or if the requirement is listed on GSA eBuy) for the particular supply or service. This method permits discussions by the parties and allows the offeror/quoter to revise the initial proposal or quotation prior to the award of the contract if the Contracting Officer requests revised proposals/quotations. Negotiations may include discussions on price, delivery schedule, technical requirements, type of contract, or other terms of the proposal or quotation. Price is not necessarily the most important factor and awards may be made on other than price and price-related factors, for example, a superior technical approach or delivery schedule.

METHODS OF PAYMENT

The contractor is paid by Government electronic funds transfer through Wide Area Workflow.

STRATEGIC METALS BUFFERS FOR THE DLA WARSTOPPER PROGRAM

DLA Strategic Materials presently administers four buffer contracts for the DLA Warstopper Program: 300M steel, bearing grade steel, titanium, and tungsten-rhenium ingot. These contracts seek to significantly reduce the lead time to production across a wide range of products (or NSNs). Buffer material is not Government Furnished Material and all warranties and title transfer as vendor-to-vendor transactions. The buffers are self-executing for DoD contracts and directed at specific DoD contracts

when required. Each contract has optional periods that will be reviewed annually and exercised if the need continues.

APPENDIX F: SUBSCRIPTION SERVICES

Subscriptions to this Report

Members of the strategic and critical materials community in either the government or the private sector may receive a copy of the Strategic and Critical Materials Operations Report to the Congress.

To begin or renew a subscription to this annual report, mail or fax your name, title, organization, mailing address, and ZIP code to us.

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_____ (Country)	For information, contact:
_____ (Phone Number)	K. Watt Lough (703) 767-6479
	email: Kevin.Lough@dla.mil

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